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NEWS SUMMARY

Two killed as siege ends

FRENCH POLICE last night fought a gun battle with security guards at the Iraqi embassy in Paris, after negotiating the surrender of an Arab terrorist who had held eight people hostage in the building since the morning.

Police said that the terrorist's papers identified him as a Palestinian but did not give his name or place of residence.

A policeman and embassy guard were killed, and two other policeman and the terrorist wounded in the shoot-out, which happened as police led the terrorist to a car.

The police inspector in charge of the operation said that the embassy guards opened fire, in spite of the fact that the terrorist was already being held by two plain clothes policemen.

Members of the French anti-terrorist squad hidden in nearby doorways immediately returned fire and stormed the building. Two of the guards were arrested.

Two terrorists had forced their way into the building in the morning. When challenged by security guards, one ran away, but the other threw a grenade and started shooting before taking the hostages, one of whom was seriously injured.

During negotiations later with Arab ambassadors in Paris, the gunman demanded an aircraft to take him to London, where he intended to negotiate the release of a girl held by police after the grenade attack on the Iraqi ambassador's car last week.

The Iraqi news agency claimed that the terrorist was the brother of former Palestine Liberation Organisation representative Said Hammami, assassinated in his London office last January. But the French authorities have not confirmed this report. Page 3

GENERAL

Police end jet sit-in

Police were called to Gatwick Airport last night to clear angry passengers from a Venice-bound plane forced to turn back with technical trouble. The Boeing 707 was already delayed by 27 hours because of the French air traffic controllers' dispute and passengers demanded an alternative flight or a refund.

The backlog of delays, now running up to 48 hours for some flights from the UK, is such that it is unlikely that airlines can clear it before the controllers' go-slow resumes for the weekend. Back Page

Poison alert

The Department of Health last night warned people not to eat canned salmon from Canada or the U.S., after four serious cases of food poisoning in Birmingham.

Letter bombs

Two letter bombs were sent to the Communist daily, the Morning Star, and to Collet's Leftwing bookshop, in London. A woman was slightly injured by the bomb at the newspaper office.

Lorry ban

Spain has banned lorries with dangerous loads from all roads at weekends and public holidays, three weeks after some 150 holidaymakers died when a tanker crashed into a Spanish campsite. Page 2

Sun talks fail

Talks with ACAS, management and journalists to solve the pay dispute that has stopped production at the Sun newspaper for eight days broke down last night. Page 9

Dividends Bill

The Dividends Bill, which extends statutory 10 per cent dividend controls for a further year, received Royal Assent last night and now becomes law. Fifteen other Bills, including devolution legislation for Scotland and Wales, also received Royal Assent. Page 8

Poster complaint

Labour Party has complained to the British Code of Advertising Practices Committee about a Tory poster purporting to show a dole queue, which in fact shows employees of the firm which produced the poster. Page 8

Permits granted

Argentinian World Cup soccer stars Osvaldo Ardiles and Ricardo Villa have been granted work permits to play for Spurs.

Briefly . . .

Top floor of a Teheran hospital collapsed killing 11 patients.

Two people were killed and nine hurt when a bus hit a queue in Kensington, London.

BUSINESS

Dollar falls against yen, Swiss Fr: Gilts mixed

● DOLLAR fell to a new low against the yen and Swiss franc (Back Page). STERLING closed 65 points up at $1.9315. Its trade-weighted index remained unchanged at 63.5, while the dollar's depreciation widened to 9.2 per cent (8.9).

● EQUITIES were easier as buyers held back and the FT ordinary index fell 2.7 to 489.4.

● GILTS closed mixed and the Government Securities index fell 0.13 to 70.61.

● GOLD fell $1 to $200⅞ in London, and in New York the Comex August settlement price was $3 up at $203.60.

● COFFEE gained £67 for the September position at £1,323 a tonne Page 23

● U.S. TREASURY bill rates were: threes 6.895 per cent (6.935); and sixes, 7,362 per cent (7.425).

● WALL STREET closed 5.98 up at 862.27.

● REPAYMENTS of up to £60m a year on outstanding debts of about £900m due from 17 of the world's poorest developing countries are to be written off by Britain, the Government has announced. Back and Page 8

● PENSION FUNDS have found their best investment over the first half of this year in Japanese, Far Eastern and Australian funds, say leading pension consultants. Page 6

● USSR has imported goods worth 56 per cent more from Britain in the first six months of this year than in the same period of 1977. Page 4

● U.S. INDEX of leading economic indicators rose 0.4 per cent in June, according to a preliminary estimate from the U.S. Commerce Department. Page 4

● CONTINENTAL GROUP, the U.S. can and packaging company, has sold a 21.3 per cent holding in the Dublin-based Jefferson Smurfit Group for £18.4m. Back Page

● KENNECOTT Copper and Phelps Dodge, the two largest copper producers in the U.S., have reported further declines in earnings because of the weakness of the copper market. Page 18

LABOUR

● ASTMS is expected to seek special wage awards during Phase Four of the Government's wage policy for 15,000 university technicians and non-academic staff and for 15,000 hospital technicians following increases for lecturers, doctors and dentists. Page 9

● INDUSTRIAL civil servants' pay claim talks will be resumed today. Page 9

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 3pc 1983	£81¼	+ ¼
Adams and Gibbon	81	+ 4
Aquascutum	51	+ 6
Bilton (Percy)	181	+ 5
British Mohair	53	+ 3
Brown and Jackson	160	+ 6
Comb. English Stores	120	+ 4
Faurnell Elect.	340	+ 7
Flight Refuelling	187	+ 4
Fortnum and Mason	775	+ 25
Furness Withy	253	+ 9
Grant Bros.	98	+ 8
Hardy and Co. A	31	+ 7
Mixconcrete	72	+ 7
Pilkington	602	+ 17
Ricardo	217	+ 11
UKO Intnl.	160	+ 19
Charterhall	39	+ 3½
Haoma Gold	60	+ 6
Pancontinental	£14¾	+ ½
West Drie.	£33	+ ¼

FALLS

Midland Bank	348	− 4
News Intnl.	270	− 8
Wood and Sons	43	− 12
BP	846	− 10
Hartebeest	£14½	− 1

ICI stops work on new £80m Teesside plant

BY KEVIN DONE, CHEMICALS CORRESPONDENT

Imperial Chemical Industries is halting construction work on an £80m plant at Wilton, Teesside, because of uncertainty over the project's commercial viability.

The company is pressing ahead with the engineering design work on its 150,000 tonnes a year vinyl chloride monomer (VCM) plant. But it has suspended the ordering of certain key components and the main contractor, Fluor, has been instructed to start negotiations with suppliers on the cancellation of some existing contracts. The plant is now unlikely to be built for at least two to three years.

Vinyl chloride monomer is a key petrochemicals intermediate and is used to manufacture polyvinyl chloride (PVC), one of the most important basic plastics.

The new VCM plant at Wilton was announced as part of ICI's major strategic expansion of chlor-alkali products (those based on chlorine and caustic soda) in both West Europe.

ICI has concentrated the European expansion around two projects, at Wilton and at Wilhelmshaven in northern Germany, and has tried to convince the trade unions that it is a strategy of parallel investment in the UK and overseas.

At Wilhelmshaven it is pressing ahead with the construction of the £200m first phase of a major petrochemicals complex. This includes another 150,000 tonnes a year VCM plant, designed to allow the eventual doubling of capacity.

At Wilton, ICI announced last year a parallel £140m investment in new VCM and chlorine plants, but it has now decided to halt work on the VCM plant even though work is advanced.

Parts of ICI's ambitious worldwide investment strategy have clearly been under threat for some months. Mr. Maurice Hodgson, ICI chairman, warned last month that the company's present profitability was too low to justify its plans. These call for expenditure this year of £700m and the sanctioning of further projects worth £800m.

ICI admitted yesterday that until some "commercial uncertainties" had been resolved the engineering programme for the VCM plant was being reviewed and "certain procurement work" was being suspended.

As another part of its worldwide chlor-alkali strategy the company announced last week that it was negotiating the £30m-£35m acquisition of chlorine, caustic soda and VCM plants from Allied Chemical in the U.S.

With the deferment of the UK project it is now possible that certain components ordered for the Wilton plant will be used at Wilhelmshaven.

Most of the civil construction work on the Wilton VCM site has already been completed.

Work on the site began more than a year ago but ICI appears to have calculated that in prevailing market conditions it would be more costly to complete the plant and have it standing idle, than to postpone construction and stand the costs of cancellation.

Meanwhile the company has been forced to close down another plant at Wilton because of the shortage of instrument artificers to look after control rooms. This is the fourth plant to be affected by an industrial dispute over retraining.

It is shutting a small petroleum resins plant which manufactures chemicals to be used as paint additives. About 20 men are employed but the company says there is only enough work for about two more weeks.

● At Huddersfield ICI is investing £5.5m to build a new biocides plant.

It will double ICI's existing capacity to some 3,000 tonnes a year and replace two existing units. Biocides are used as additives to kill bacteria in a wide range of products.

Labour News, Page 9

UK loses £500m frigates order from Argentina

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has lost to West Germany a contract to build six frigates worth over £500m for Argentina. It would have been one of the most valuable orders in the British shipbuilding industry's history.

Detailed negotiations about the deal have been in progress for at least two years and there has been a broader dialogue between Britain and Argentina about frigate requirements for a much longer period than that.

Vosper, Thornycroft, the British Shipbuilders company involved in the bid, and the Ministry of Defence have both been told informally that the Argentinians have accepted a bid from Blohm and Voss of Hamburg. Neither the company nor the Ministry would comment last night.

The German yard, which like most of the world's shipyards is desperately short of work, has been given until the end of the year to prepare a full contract, with Vosper remaining as first reserve for the order.

There can be little doubt that Blohm and Voss will reach a satisfactory conclusion with Argentina. The only possible cause of difficulty would be on the political level.

Within British Shipbuilders, there has been a strong feeling that Britain's wrangling with the junta over the future sovereignty of the Falkland Islands, added to the human rights issue, has created the worst possible political background for the negotiation of a sensitive arms deal.

Since 1976, Britain has had no ambassador in Buenos Aires and although a recent delegation from the Argentinian Navy was well received in Britain, it has been suggested that the Foreign Office did not react with the necessary warmth to a private visit to London of Admiral Emilio Massera, commander in chief of the navy, early last month.

Meanwhile, Vosper, the privately owned part of the Vosper Thornycroft warship building company nationalised last year, has won a £2.5m contract to build five vessels for Kuwait at its yards in Singapore.

● Mr. Roy Mason, the Ulster Secretary, confirmed yesterday that Harland and Wolff is to build a 119,000-ton bulk carrier for the Orion Bank, which will then charter the vessel to the British Steel Corporation. The deal is unofficially estimated to be worth about £16m.

● Scott Lithgow, a British Shipbuilders company on the lower Clyde, and the Niarchos shipping group, confirmed yesterday that they were involved in talks over the fate of two 285,000 deadweight ton tankers now under construction.

Niarchos, which took over the contracts after the collapse of Maritime Fruit Carriers, is using the late delivery of the first ship as an opportunity to review the contract.

£45m to save Upper Docks

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT will pump up to £45m into the ailing Port of London as part of a rescue plan designed to secure, at least for the time being, the port's upper docks complex.

Mr. William Rodgers, the Transport Secretary, confirmed yesterday that he had vetoed the Port of London Authority's plan to close the two Royal docks.

Like Dr. John Gilbert, his predecessor in 1976, Mr. Rodgers has pinned his faith on getting the port's trade unions to agree to manpower reductions and changed working practices.

He has asked the PLA to work out with the unions a programme of specific demanning targets as part of a detailed costed plan. "No grant assistance will be provided until this plan has been submitted," he said.

Grants amounting to £35m are available under the terms of yesterday's announcement, and the Government will back a further £10m of borrowings by the technically insolvent port.

Sir John Cuckney, the PLA chairman, welcomed Mr. Rodgers' backing "in principle" for the Authority's strategy but said the refusal to close the Royals would cost between £250,000 and £500,000 a month, depending on traffic levels. The decision would "delay the re-establishment of a viable port."

Sir John noted that the Government had not challenged the Authority's traffic projections showing continued decline of the upper docks. He would in future publish separate accounts for these docks, he said, in order to clarify their drain on resources.

The biggest problem now is the negotiation of manning cuts. According to the PLA, 2,000 men in the upper docks are surplus to requirement with or without the closure of the Royals. This is certain to lead to hard bargaining with unions.

Mr. Rodgers said the unions had promised co-operation in an urgent examination of manning levels, working practices, and productivity.

"Both the Authority and the unions are being told that I will review the position at intervals and monitor improvements in performance to ensure that progress justifies continuing in this way. The provision of grant assistance will be contingent upon results," he said.

Mr. Nigel Spearing, Labour MP for Newham South, who has led the opposition to the closure in the Commons, welcomed the reprieve but said a much more thorough study of the upper docks' place in the South East planning strategy was necessary.

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FEATURES

For latest Share Index 'phone 01-246 8026

3% rise in food prices 'essential'

By David Churchill, Consumer Affairs Correspondent

FOOD PRICES will have to rise by at least 3p in the pound if Britain's food and drink processing industry is to survive in its present form, Sir Hector Laing, chairman of the Food and Drinks Industries Council, claimed yesterday.

His warning came at the same time as figures published yesterday disclosed that profit margins in the industry, the country's third largest employing over 700,000 people, had slumped to their lowest level for three years.

Sir Hector, who is also chairman of United Biscuits (Holdings), said Government price controls had hit the industry's profitability. The effect of a continuing slump in profitability would lead to a sharp rise in unemployment, a cut in competition, and a growth in food imports.

The council's statistical analysis of 31 major companies in the industry, showed that pre-tax profit as a percentage of sales were down to 2.34 per cent in the first quarter of 1978. This compared with 3.44 per cent in the same period last year, and was the lowest since early 1975.

Adopting inflation accounting methods, profit levels were in fact minus 1.3 per cent in the first quarter this year. In 1971, the industry's profit margins were 6.3 per cent.

Profit margins had fallen in every quarter over the past two years, said Sir Hector—"a slippery slope which was on the point of becoming a dangerous slide."

In addition, he gave a warning that some sectors of the industry—such as baking and sugar—were in very real danger, as recent events and company results had shown.

The high street supermarket price war, however, was keeping public attention focused on keeping food prices down. "But we are all wage earners before we are consumers," he added.

Sir Hector denied that the claims were the "exaggerated bleatings of a wealthy industry." He said many other industries in recent years, such as cars, motorcycles, and ball bearings, had suffered disastrously because they were unable to make sufficient profit to plough back in new investment.

"The continued bureaucratic and political influence designed to hold down prices artificially to satisfy the political aims of cheaper prices for the consumer, while at the same time pursuing policies in other directions having precisely the opposite effect, has starved industry of profits," Sir Hector added.

Rhodesians return after border raid

BY TONY HAWKINS SALISBURY, July 31.

Bishop Muzorewa: "No significance."

RHODESIAN security forces have returned home after the weekend raid into neighbouring Mozambique in which they effectively "neutralised" ten guerrilla bases, said an official communique tonight.

The Rhodesians had suffered one minor casualty, but gave no indication at all of what the guerrilla losses might have been.

Rhodesian Combined Operations headquarters first announced the raids into Mozambique, believed to have started on Saturday, on Sunday afternoon.

The communique said operations against bases of the Patriotic Front's ZANLA wing, which is headed by Mr. Robert Mugabe, were successfully completed.

"As a result of the self-defence operations against these terrorist bases, the intended disruptive effects have been achieved."

In Salisbury there is surprise at the failure to give any guerrilla casualty figures.

After the raid into Mozambique last year the communique announced an estimated 1,200 guerrilla casualties.

With white morale in Rhodesia at a very low ebb, it had been expected that the official communique would make the most of guerrilla losses.

There is no mention at all of any destruction of military equipment or capture of arms and ammunition.

Observers believe that the raids were not a great success in terms of casualties, or the guerilla casualties were such that the Rhodesians are maintaining a low profile for fear of an angry reaction from the rest of the world.

Sithole attack

Earlier, one of the black parties in the coalition Government, the Rev. Ndabaningi Sithole's wing of the Zimbabwe African National Union, complained that by attacking bases in Mozambique the Rhodesian security forces were attacking guerrillas loyal both to Mr. Sithole and the internal security settlement.

It condemned the raids as "ill-advised and disappointing."

The statement said that most of the guerrillas in the bases supported Mr. Sithole and the settlement.

It added that if the Rhodesian troops wanted to attack the "real culprits" they should go after Mr. Mugabe himself and his military commander in Maputo, the Mozambique capital.

● The Mozambique Army said in Maputo that 12 people were killed and 110 wounded in the Rhodesian raid.

Our Foreign Staff adds: In London Bishop Abel Muzorewa, another black leader in the coalition, refused to say whether he accepted responsibility as a leader of the Salisbury transitional Government for the Mozambique raid.

Asked whether he had been consulted beforehand about the attack—the first to take place since he, Mr. Sithole, and Chief Chirau reached an agreement in March with Mr. Ian Smith, the Rhodesian Premier, he replied that this was "of no significance."

The Bishop said his understanding of the position in Rhodesia was that there was a ceasefire programme, that people who did not accept this did not care for the "democratic set-up" in Rhodesia, and that those in charge of defending the country had to do their job. "I think this might be the case here," he said of the raid.

Bishop Muzorewa, who had talks with Dr. David Owen, the Foreign Secretary, and Conservative leaders about the condition of the transitional Government, said Britain had chosen to stand with her "arms folded on the touchline watching us fight an unequal fight."

Editorial comment Page 14

£ in New York

—	July 31	Previous
Spot	$1.9315-9325	$1.9235-9255
1 month	0.48-0.43 dis	0.42-0.38 dis
3 months	1.16-1.10 dis	1.22-1.18 dis
12 months	4.20-4.00 dis	4.30-4.10 dis

EUROPEAN NEWS

Italian economic leaders meet on three-year plan

BY PAUL BETTS ROME, July 31.

THE ITALIAN Government is attempting to finalise the broad outlines of its three-year (1979-1981) economic programme before the traditional August recess which has already seen over 5m Italians desert the cities this weekend for holiday spots throughout the country.

Sig. Giulio Andreotti, the Prime Minister, and economic ministers met here today to discuss 1979 budget proposals and the three-year plan which are to be presented later this week to the political parties, including the Communists, directly supporting the minority Chrstian Democrat Administration.

The 1979 budget, which will form an integral part of the programme, chiefly aims at reducing next year's enlarged public sector deficit from a projected L43,000bn (or more than $50bn), to about L35,000bn. This figure is understood to be acceptable both to the International Monetary Fund and the EEC for new loans or standby credits to Italy.

The Government hopes to reduce the deficit through cuts in the pensions system, the health service and local authorities' spending as well as by new indirect taxation.

In turn, the Government has pledged to create new jobs, especially in the depressed south of the country, through an increased growth rate during the last quarter of this year and investment particularly in construction and public works.

At the same time, the Sig. Andreotti's administration has asked the trade unions to moderate wage claims in forthcoming negotiations for a number of important national labour contracts. But the trade union rank and file has so far shown considerable reluctance towards such policies despite appeals for moderation from its own leadership.

A Cabinet meeting tomorrow is also expected to discuss long-awaited emergency measures to salvage the country's financially troubled chemical groups. The crisis in the sector was highlighted over the week-end with an announcement by one of the largest chemical groups, Societa Italiana Resine, that it was unable to pay its July salaries.

Among the proposals for the chemical sector are the setting up of a special commissioner to take control of financially troubled companies and to evaluate their long-term prospects, as well as the likely injection of urgently needed funds. But these proposals, like the three-year plan, are still the subject of controversy between the various political parties and the trade union movement.

Eanes to address the nation

By Jimmy Burns

LISBON, July 31.

AN INTERIM solution to Portugal's Government crisis appeared to be in the making today with the announcement that President Ramalho Eanes would speak to the nation tomorrow night. The President is expected to go a considerable way towards clarifying the political confusion that has taken hold here ever since the conservatives withdrew from the six-month-old Governmental alliance last week.

After the President met the main political leaders, it appeared that some movement might be under way to get the collapsed alliance back on its feet. Conservative leader Professor Freitas do Amaral, emerging from talks with the President, said his party was open to a renegotiation of the governing pact. It would appear that some concessions on the controversial "Land Reform Ministry would need to follow any such move.

As the President met the main political leaders for the second time in less than a week today, there were still no apparent signs that the main political parties had come any nearer to agreeing on an alternative to the alliance that has ruled Portugal since January.

In essence, both the Right-wing Social Democrat Party (PSD) and the Communist Party have changed very little in attitude since Portugal's previous Government crisis last December. While the PSD still refuses to share power with the Communists, these remain adamant that any future alliance should be based on the Socialist Party and have the participation of the four main political parties.

Most political observers continue to rule out the possibility of an early general election.

Moscow warns West on detente

BY DAVID SATTER MOSCOW, July 31.

THE SOVIET UNION today marked the third anniversary of the Helsinki agreements with a justification of the supression of dissident groups which sought to monitor Soviet observance and a warning that future co-operation in humanitarian fields depends on the level of detente.

Mr. A. G. Kovalev, a Soviet Deputy Foreign Minister, told a Press conference that only the signatory States are responsible for Helsinki observance and that members of citizens' "Helsinki" groups, some 20 of whom have been either arrested or sentenced, violated Soviet law.

He indicated that the reaction in the West to dissident trials, because it damages the "confidence between States and peoples," actually hinders implementation of the final act.

Mr. Kovalev said the Soviet authorities will "not discuss with anyone" Soviet legal actions or matters that are within the "competence of the Soviet state." He said that to do so would be incompatible with the state's "prerogatives and dignity."

Emphasising that the Soviet Union alone will judge its Helsinki agreement observance, Mr. Kovalev equated the reaction in the West to the trials of the dissident Helsinki monitors with opposition to detente and said it "puts a brake" on implementation of the final act.

He described the final act's implementation as "a large-scale endeavour" calculated for "years ahead."

Mr. Kovalev said that the "real political meaning" of the Helsinki third basket is that co-operation in humanitarian spheres must be promoted with "strict observance of the laws and administrative regulations of each state."

In what appeared to be a direct warning to the West, Mr. Kovalev said that the Soviet side has stressed at the highest levels that the results of the Helsinki meeting must be treated "carefully." He said experience has shown this advice to be "timely and correct."

Meanwhile Mr. Jay Crawford, the Moscow representative of the U.S. firm, International Harvester, returned to the KGB Lefortovo investigative prison for more questioning in connection with charges of currency speculation.

Mr. Crawford was dragged out of his car last month and arrested by Soviet police in apparent retaliation for the arrest in the United States of two Soviet United Nations officials suspected of espionage. Mr. Crawford declined to discuss the contents of the interrogations today.

Dutch plan to restrict tankers

BY CHARLES BATCHELOR AMSTERDAM, July 31.

HOLLAND AND West Germany hope to ban tankers from moving too close to their coasts following the grounding of the Amoco Cadiz off Brittany earlier this year. The two countries want tankers to follow a course 35 nautical miles from the coast compared with the present minimum of five miles.

The proposal will be put before a sub-committee of the Inter-governmental Maritime Consultative Organisation (IMCO) which is due to meet in London shortly. The idea is to give the authorities time to react to a collision or an oil spill.

Holland has been considering making tankers follow a route further from the coast for some time but the Amoco Cadiz disaster, which spread oil along many miles of the Brittany coastline, gave more urgency to the plan, according to the Transport Ministry. It was then discovered that West Germany had similar plans.

It could be a number of years before the plan can take effect since after consideration by IMCO, which is a United Nations agency, it must go before other international maritime organisations. The area involved is not in their territorial waters.

A major Dutch concern is for the safety of the Waddenzee, a beauty spot and home of many seabirds, which lies between the Frisian Islands and the mainland. Preservation of the Waddenzee is also a factor in the consideration of a site for a terminal for imported natural gas. A decision in favour of Eemshaven, in the north east of the country, would take gas tankers near the Waddenzee. The alternative to the Eemshaven is the Maasvlakte, near Rotterdam.

Cyprus judges reject appeal by Palestinians

By Our Own Correspondent

NICOSIA, July 31.

THE FIVE judges of the Cyprus Supreme Court today unanimously dismissed the appeals of two Palestinians condemned to death for the murder in Nicosia last February of Mr. Yousef el Sibai, editor of the Cairo newspaper Al Ahram.

Their fate—and that of Cyprus's strained relations with Egypt—now lies in the hands of Mr. Spyros Kyprianou, the President of Cyprus, who is the only person who can commute their death sentence.

Mr. Lefkos Clerides, a leading Nicosia criminal lawyer appointed by the State to defend the Palestinians, announced immediately after today's verdict that he would file an appeal for mercy within a week. Even if President Kyprianou turned down the plea—which observers here believe most unlikely—he was confident he could stop the execution.

Irish industry jobs doubt

BY OUR OWN CORRESPONDENT DUBLIN, July 31.

THE CONFEDERATION of Irish Industry has produced a detailed response to the Irish Government Green Paper on the economy which outlines a strategy for producing full employment by the 1980s.

The wide-ranging document welcomes the idea of green papers followed by a policy document and budgetary strategy on an annual basis as a significant step forward in economic planning.

But the confederation is puzzled by the assertion of the Minister for Economic Planning and Development, Dr. Martin O'Donoghue, that full employment can be achieved.

The confederation is unenthusiastic about the concept of work sharing, which was a central part of Dr. O'Donoghue's strategy for ending dole queues. Although not opposing it in principle, the CII points out that it would create several problems: diverting attention from the low productive base of the Irish economy, reducing efficiency and passing costs from one sector to another. But the CII is keeping an open mind on the matter provided unit costs do not increase relative to the country's competitors.

While concern is expressed by the confederation about industrial unrest and the fact that Irish wage costs are rising faster than British the most remarkable part of the Government document is, says the confederation, its detailed sectoral proposals for creating new jobs. The CII expresses doubts as to whether the Government's current targets on jobs and inflation will be met in 1979 and proposes fresh initiatives to try to meet these targets.

These include the modernisation of established industry with increased grants, extension of the scheme to help small industries and improved efforts to meet manpower needs with labour supply.

Norwegian payments deficit falls

Norway's payments deficit on current accounts fell sharply in the first five months of 1978, to only NKr 6.1bn, compared with NKr 11.1bn in the same period last year, Fay Gjester reports from Oslo. Mr. Halvard Bakke, Trade Minister, said that if the trend continued it could result in a lower deficit for the whole year than the NKr 20bn estimate in the 1978 budget. The Trade Ministry attributes the improvement to a sharp fall in imports, particularly of new cars, and a rise in exports, including oil and gas. The deficit on the balance of trade in January-May was only NKr 3.44bn, compared with NKr 8.95bn in the same period of 1977.

VW stands by diesels

Volkswagen said yesterday that it would continue producing diesel-engine cars despite fears voiced by the U.S. Environmental Protection Agency about a possible health danger from exhaust gases, Reuter reports from Wolfsburg.

Spain curbs lorry traffic

MADRID, July 31.

THE GOVERNMENT today banned lorries carrying dangerous loads from all Spanish roads on weekends and public holidays.

Three weeks ago, some 150 holidaymakers were killed when a tanker lorry carrying propylene gas crashed into a campsite on the Spanish Mediterranean coast and exploded.

An Interior Ministry order, published in today's official gazette, banned lorries with dangerous loads from all roads between 13.00 hours every Saturday to 24.00 hours on Sunday and from 13.00 hours on the eve of a public holiday to 24.00 hours of the holiday.

Dangerous freight was also ordered off the roads on July 1 and 31 and on August 1 and 31 when millions of Spaniards are driving to and from their annual month's summer holiday.

There were protests last weekend against dangerous freight in two eastern towns near the disaster site at San Carlos de la Rapita.

Reuter

Mary Campbell, Euromarkets Editor, reviews new information on the debts of 150 countries.

Keeping track of developments in international borrowing

CONCERN ABOUT international debt has declined in the past year. At the converse of the U.S. current account deficit the world has been awash with surplus dollars and banks have been pressing funds into the hands of countries they had hardly heard of during the last lending boom five years ago.

Developing countries were net depositors with the international banking system for a large part of last year while, even more unlikely, many oil producing countries became net borrowers again. With a few well-known exceptions (Turkey, Zaire, Peru) banks seemed happy with the quality of their lending, if not the rates they had to do it at.

However, they felt the same in 1973 and 1974, and although memories in international banking are said to be short, there remains a lurking fear (or, more accurately, certainly) that, as economic trends change, the current lending boom will breed repayment problems, as did the last.

The aim is that borrowers and lenders alike should be better prepared this time and foresee and resolve more of the problems at an earlier stage.

A major problem in the past was simply lack of information. The World Bank published figures on countries' debt two years after the date to which they referred—and these figures were only partial anyway. Since the last lending boom, this lack of information has been a major target for bank supervisors and central banks.

Behind the scenes, a great deal of work has been going on. A large part of it came to fruition at the end of last week with the publication of figures from that most discreet of institutions, the Basle-based Bank for International Settlements (BIS). The BIS is best known as the monthly meeting place for tight-lipped central bankers trying to decide how to respond to the latest currency raid. However, it has a long association with international debt problems—it is still trustee for the loans to West Germany extended by the then richer countries like the UK between the wars. And it is currently in the forefront of attempts to keep track of developments of international debt.

Less characteristically, it is also publishing a large proportion of its findings. The bulk of the figures shown in the table opposite come from the latest set of statistics it has developed, a series to be published semi-annually showing how much money the leading international banks are due to be repaid by entities in each of about 150 countries. Conversely they show how much foreign exchange the central banks in these countries are having to allocate this year and next for repayments of loans from foreign banks—or plan to re-finance by raising new foreign currency loans.

A limited range of international debt statistics has long been published by the Organisation for Economic Co-operation and Development (OECD) via its Development Assistance Committee (DAC) and by the World Bank in Washington.

There have traditionally been large gaps in the coverage, however, and, with the emergence during the 1970s of commercial banks as the main source of new money for much of the world, these gaps became critical. The first step taken by the BIS, with the help of the central banks of the Group of Ten countries, Switzerland, Denmark, Austria and Ireland, was to collect information from the international banks on their lending, aggregate the figures and publish on a country-by-country basis.

Banks have now been asked to break down the data on loans to show when they are due to be repaid and also to give information on the amounts of money they are committed to lend to entities in each country but which the potential borrowers have not yet taken up.

This data was collected for the first time on an experimental basis as at the end of 1976. The figures published last week show the maturity of debt as of the end of last year.

The data collected by the BIS improved the available information in two main ways. For the first time they showed the amount of money which banks had lent to private sector institutions in each country. Second, and more important, they included short-term debt.

The temptation for a country running out of foreign exchange to finance itself on a day-to-day basis with short-term bank loans is clear. Sooner or later banks start to fight shy of rolling over these short-term loans (or put up to a usurious level the rates they charge. It is tempting to believe that if the break-down of maturities showing how much of the total was due to repaid within a year had been available five years ago a number of difficulties would have been solved before they had time to run their course—Indonesia's problem with Pertamina and the current Turkish tangle being two examples.

One other big advantage of the BIS data is that it is published relatively quickly. While other sources of information on debt have greatly increased the speed of publication, figures still tend to be more than a year out of date. This is often too late for action to be taken.

On the other hand, the BIS data do not give anything like a full picture of any individual country's debt position, while the significance of the figures is difficult to judge in isolation from each country's other economic data.

In the table shown opposite, an effort has been made to provide a thumb-nail sketch of countries' overall external financial situations by putting the BIS figures in context.

The figures for any individual country in the table are likely to be misleading in some respect. (This is particularly the case of East Germany and Zaire.) Special factors may in many cases make a country's situation either worse or better than would appear at first glance.

Among the most interesting situations are those in Eastern Europe and Latin America—the continents which house some of the biggest borrowers from the international banks.

In the case of Eastern Europe, the figures on Poland are surprisingly good, especially in view of the widespread concern about the country. The structure of the debt gives it two years at least before the bulk of earlier borrowing will come up for repayment, while it has comfortably large unused credit commitments. The latter, in particular, is likely to surprise some experts and will need investigation. Several other East European countries are likely to need refinancing sooner.

Although Eastern European countries have made notable efforts to improve their hard currency payments position in the past 18 months, the figures suggest that substantial refinancing will be needed in the next few years.

In Latin America, the main interest centres on those two mammoth international bank debtors, Mexico and Brazil. The latter's debt has grown much faster than Mexico's in the last year. A year ago, when the BIS's experimental maturities analysis was distributed among banks, Mexico was one of the major areas of concern. There the structure of the foreign debt was such that a very high proportion of the total—and in relation to exports—had to be repaid within 12 months. Subsequent oil discoveries have since allayed concern but it is notable that Mexico's debt has grown much more slowly. Due to an improved current account, repayments are also much smaller relative to exports.

In the case of Brazil, where the debt has grown a great deal in the last year, the major feature continues to be the long-term repayment schedule. Like Poland and Algeria, its debts are large but it does not have to repay the bulk of them for at least two years.

INTERNATIONAL BORROWING

INTERNATIONAL BANK LOANS AND DEPOSITS

Country	Net borrowing $bn (1)	Deposits $bn (2)	Borrowing from banks: Total $bn (3)	% of total: Due 1978 (4)	Due 1979 (5)	Due after 1979 (6)	1977 Current Account $bn (7)	1977 Exports $bn (8)	1978 repayments: $ bn (9)	% of exports (10)	Unused credit facilities: $ bn (11)	% of total borrowing (12)	Non-bank debt end-1975/6 $bn (13)
Developed countries													
Australia	3.8	1.0	4.8	58.7	10.4	29 8	−2.5	15.5	2.8	18.1	2.1	43.1	n.a.
Finland	3.5	1.3	4.8	48.7	8.4	41.6	−0.2	9.2	2.3	25.4	1.2	25.0	2.0
Greece	0.3	3.8	4.1	32.8	13.6	51.5	−1.3	5.6	1.4	24.2	1.0	23.9	0.6
New Zealand	1.2	0.3	1.5	35.7	15.2	47.9	−0.6	3.7	0.5	14.3	0.6	40.6	n.a.
Norway	4.2	2.6	6.8	31.2	12.4	54.5	−4.9	14.6	2.1	14.5	1.5	22.2	n.a.
Portugal	0.5	1.2	1.7	69.9	6.7	21.9	−1.5	4.0	1.2	29.5	0.7	39.3	0.5
S. Africa	7.5	1.0	8.6	52.9	12.7	33.1	+0.9	12.4	4.5	36.7	2.6	30.8	n.a.
Spain	2.8	8.6	11.5	40.8	10.5	47.3	−1.2	18.7	4.7	25.1	1.9	16.7	1.9
Turkey	2.5	0.7	3.2	79.0	10.0	10.6	−3.3	3.7	2.5	68.6	0.6	18.1	3.1
Yugoslavia	1.1	2.6	3.7	23.6	13.8	61.0	−1.6	9.4	0.9	9.3	1.3	35.1	2.2
Eastern Europe													
Total	28.3	8.3	36.6	52.4	11.3	35.7	n.a.	n.a.	19.2	n.a.	9.6	26.2	n.a.
Of which:													
Bulgaria	2.3	0.5	2.8	59.3	10.2	30.3	−0.5	0.6	1.6	273.3	0.5	18.4	n.a.
Czechoslovakia	1.1	0.5	1.5	57.8	3.3	38.0	−0.3	1.8	0.9	49.7	0.2	13.8	n.a.
E. Germany	4.4	0.9	5.3	54.2	18.1	27.2	−0.1	2.0	2.9	142.9	0.9	17.9	n.a.
Hungary	3.9	1.1	5.0	60.4	7.4	30.6	−0.5	1.8	3.0	167.9	0.2	4.8	n.a.
Poland	8.4	0.4	8.8	37.9	16.2	45.3	−3.0	5.0	3.3	66.9	3.1	34.6	n.a.
Romania	1.2	0.2	1.4	66.8	6.6	26.0	−0.5	2.2	0.9	42.1	0.5	34.7	n.a.
USSR	7.3	4.4	11.7	55.2	8.1	36.5	−1.4	15.0	6.5	43.2	4.2	35.4	n.a.
Latin America													
Total	37.9	36.6	74.5	44.3	12.0	42.4	n.a.	n.a.	33.0	n.a.	15.1	20.3	n.a.
Of which:													
Argentina	0.4	4.5	4.9	57.4	13.1	28.3	+1.3	6.6	2.8	42.3	1.5	30.1	2.6
Bolivia	0.5	0.3	0.8	46.6	12.6	39.1	−0.2	0.7	0.4	49.3	0.4	49.4	0.7
Brazil	18.4	6.6	25.0	31.5	12.7	54.5	−4.8	13.6	7.9	58.0	5.2	20.7	6.4
Chile	0.7	0.9	1.6	60.7	14.9	23.4	−0.4	2.6	1.0	36.5	0.9	59.8	3.1
Colombia	0.4	1.4	1.8	58.9	10.2	28.6	+0.7	3.9	1.0	26.6	0.7	40.0	2.0
Cuba	1.3	0.3	1.6	65.9	7.6	26.0	n.a.	n.a.	1.0	n.a.	0.1	6.5	n.a.
Jamaica	0.5	0.0	0.6	35.9	14.4	48.1	+0.0	1.0	0.2	19.9	0.0	8.3	0.4
Mexico	14.3	5.9	20.3	41.0	13.5	44.6	−2.0	8.3	8.3	100.0	2.9	14.2	3.9
Peru	2.8	0.6	3.4	47.7	11.9	39.9	−0.9	2.2	1.6	75.8	0.5	15.9	1.4
Venezuela	0.5	8.6	9.1	60.6	7.4	30.6	−1.0	10.9	5.5	50.4	0.9	10.3	0.9
Middle East													
Egypt	(1.3)	2.7	1.4	67.7	5.1	25.7	−0.8	5.0	0.9	18.3	1.0	69.9	4.9
Iran	(0.2)	6.6	6.4	50.5	8.8	40.0	+5.1	28.0	3.2	11.6	3.0	46.1	3.3
Iraq	(4.1)	4.5	0.3	54.4	7.4	32.1	n.a.	n.a.	0.2	n.a.	0.3	96.8	0.4
Israel	(1.5)	4.0	2.5	67.2	16.2	15.8	n.a.	n.a.	1.7	n.a.	0.4	16.6	n.a.
Jordan	(0.5)	0.7	0.2	39.4	7.3	51.3	+0.0	1.2	0.1	6.3	0.2	93.8	0 3
Oman	0.1	0.3	0.4	50.0	14.4	34.7	n.a.	n.a.	0.2	n.a.	0.1	32.2	0.1
Qatar	(0.1)	0.4	0.3	33.9	9.2	55.8	n.a.	n.a.	0.1	n.a.	0.3	129.9	n.a.
UAE	0.4	2.2	2.6	55.1	8.5	35.4	n.a.	n.a.	1.4	n.a.	1.1	42.6	n.a.
Other Africa													
Total	2.7	9.9	12.5	37.8	11.4	49.1	n.a.	n.a.	4.7	n.a.	5.4	43.2	n.a.
Of which:													
Algeria	2.8	1.6	4.4	22.7	12.8	63.9	−2.0	7.4	1.0	13.5	1.9	42.2	3.0
Gabon	0.4	0.2	0.6	38.3	11.1	49.1	+0.1	1.4	0.2	15.7	0.1	13.1	0.2
Ghana	0.0	0.2	0.2	91.2	0.5	3.9	−0.1	1.0	0.2	18.6	0.1	30.4	0.6
Ivory Coast	0.3	0.5	0.8	24.2	14.6	60.6	n.a.	n.a.	0.2	n.a.	0.5	59.7	0.8
Morocco	0.2	1.0	1.2	24.4	13.7	61.0	−1.7	2.5	0.3	11.6	0.4	37.4	1.2
Nigeria	0.2	0.6	0.8	83.2	4.2	6.2	−0.9	12.9	0.7	5.2	0.9	105.9	0.8
Sudan	0.6	0.2	0.7	57.9	10.6	30.3	−0.1	0.8	0.4	51.7	0.3	35.2	0.6
Tunisia	(0.0)	0.4	0.4	37.2	12.1	50.1	−0.5	1.7	0.1	7.8	0.3	82.0	1.0
Zaire	0.5	0.4	0.9	35.1	11.7	52.6	n.a.	n.a.	0.3	n.a.	0.2	19.6	0.8
Zambia	0.5	0.2	0.6	50.9	14.5	31.9	−0.2	1.0	0.3	31.2	0.1	21.8	0.8
Other Asia													
Total	(1.4)	24.0	22.6	54.6	10.0	34.7	n.a.	n.a.	12.2	n.a.	9.0	39.8	n.a.
Of which:													
China	(2.0)	2.5	0.5	85.7	1.5	12.1	n.a.	n.a.	0.4	n.a.	0.4	98.7	n.a.
Indonesia	2.5	2.5	5.0	44.7	12.1	42.7	−0.0	10.9	2.2	20.5	0.7	13.8	7 6
North Korea	0.5	0.0	0.6	30.4	7.9	59.6	n.a.	n.a.	0.2	n.a.	0.0	1.8	n.a.
South Korea	2.3	3.0	5.2	55.0	11.5	33.2	+0.0	13.0	2.9	22.1	2.4	45.5	4.7
Malaysia	(0.7)	2.1	1.4	48.2	10.5	39.4	n.a.	n.a.	0.7	n.a.	0.4	25.9	0.6
Philippines	1.5	1.9	3.4	53.9	7.6	37.4	−0.8	4.4	1.8	41.6	1.8	53.1	0.9
Taiwan	(1.1)	3.9	2.7	51.7	11.8	36.3	+1.0	10.9	1.4	13.0	1.4	51.7	1.1
Thailand	0.6	1.3	1.8	81.2	4.6	12.5	−1.1	4.2	1.5	35.6	0.5	29.9	0.7
ALL COUNTRIES: GRAND TOTAL	45.3	171.7	217.0	48.5	11.1	39.1	n.a.	n.a.	105.3	n.a.	61.2	28.2	n.a.

With the exception of columns (7), (8), (10) and (13) the figures shown above are derived from a table published at the end of last week by the Bank for International Settlements (BIS) in Basle. This table shows the international loans and deposits of commercial banks in Group of Ten countries (Canada, Belgium-Luxembourg, France, Germany, Italy, Netherlands, Sweden, Japan, UK, and USA), Switzerland, Austria, Denmark and Ireland and of certain of their foreign affiliates—notably those in offshore financial centres like the Bahamas, Singapore etc. The major omission—which probably affects particularly the figures for Zaire—is the foreign affiliates of banks in Belgium and Luxembourg. The number of banks which have reported the deposits they have received from entities in each country, and the undisbursed commitments to lend are smaller than those reporting the full maturity break-down.

On the other hand, the figures include all international lendings by US bank branches, where previously BIS data has been restricted to loans by these banks' head offices and branches in the fourteen reporting countries and the major offshore banking centres. The figures in this table are not comparable to those in the regular quarterly analysis published by the BIS.

Column (1) shows borrowing by entities in each country from the banks, less deposits by those entities with the banks (where net deposit, positions are shown in brackets). Columns (4), (5) and (6) show the percentage of money lent to entities in each country which was due to be repaid this year, next year and thereafter.

Unallocated amounts mean that the figures do not add up.

The figures in columns (7) and (8) have mostly been taken from the July issue of the International Monetary Fund publication International Financial Statistics. Other sources, such as Euromarket placing memoranda have been used where no up to date figures are available in IFS. The figures for Eastern European countries' exports and current account balances are the broadest of estimates, derived by Financial Times staff from OECD and other publications.

Column (8) includes exports of goods and services, and private sector transfers (notably workers' remittances) where significant. Column (10) shows column (9) as a percentage of column (8). Column (13) is taken from the World Bank's world debt tables. For a number of countries the figures are up to date to end-1976. They show public sector funded debt (i.e. loans with an original maturity of at least a year which have been raised by public sector bodies). Money borrowed by private sector entities from institutions other than banks is not shown anywhere in the table above. Amounts quoted in the World Bank tables as owing to financial institutions have been deducted from the column (13) figures.

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Japan may stiffen rules on some yen deposits

BY ROBERT WOOD

TOKYO, July 31.

THE Japanese Ministry of Finance is considering banning the payment of interest on non-residents' yen deposits in Japanese banks.

Ministry spokesmen also said they are discussing tighter limits on dollar credits available to Japanese oil importers. But they stressed that no decision has been taken on either proposal.

Japan has aggressively sought to discourage foreigners' deposits of yen in Japanese banks since last March, when it imposed a 100 per cent reserve requirement on net increases in deposits by non-residents. The object was to discourage speculative short-term investments in yen. The rule meant that banks must deposit the entire net increase in non-residents' deposits with Japan's central bank. The deposits could not be lent and could not bring any income to the bank.

Officials expected Japanese banks would thus avoid accepting new yen deposits from non-residents and refuse to pay interest on them. But actually banks, unwilling to alienate important clients, have continued to pay interest on some non-residents' deposits. The proposed regulation would ban such payments.

The envisaged restriction on dollar-denominated credits accepted by oil companies is aimed at discouraging speculation by the oil companies themselves. Japan limits the "usance" credit that importers can accept to about four months. But the yen's rise has left importers flush with cash from profits on exchange gains. Despite their cash positions they are continuing to accept long usance periods, with contracts denominated in dollars. Some officials believe this is a form of speculation, and it is promoting the yen's rise.

Mr. Takeo Fukuda, the Prime Minister, said he will convene an extraordinary Diet (parliament) session late in September, if necessary, to work out measures to fulfil his major pledges at the Bonn summit, Reuter reports from Tokyo.

Mr. Fukuda told a conference of businessmen the Government will hold a meeting of economic cabinet ministers on September 2 to decide what action to take.

The discussion of new controls comes at a time when there are signs that other Japanese restrictions are significantly reducing exports. Japan's 13 leading trading companies reported that the export contracts they concluded in June showed the largest decline in history over the corresponding month a year earlier, and Japanese auto sales in the first 10 days of July were 19.4 per cent below the same period in 1977.

Although higher prices were blamed for the decline in Japanese auto sales in the U.S., the trading companies said the yen's rise has had a relatively small direct effect on their exports. Various restrictions abroad and at home were blamed for the expected decline. American opposition to further Japanese sales and Japanese Government "guidance" has also been a major factor in the Japanese auto price increases in the U.S.

On the import side, statistics from the trading companies showed import contracts increased over the level of a year ago for the first time in eight months. They were 2.3 per cent above the June, 1977 figure in yen terms, while export contracts were down 30.7 per cent.

The figure actually indicated the companies had contracted more imports than exports. If the contracts were fulfilled without change, they would yield a trade deficit for Japan of Y2.7bn. The contracts for May indicated a surplus of Y121bn.

India devalues rupee by 1.3%

The rupeee was yesterday devalued by 1.3 per cent against the pound sterling, because of the continuing decline in the value of the dollar, K. K. Sharma writes from New Delhi. The exchange rate of the rupee is worked out in relation to a basket of currencies, but is expressed in sterling. Spot buying and selling rates have been fixed to give a middle rate of R15.5 to the pound, as against the previous R15.35. Ever since the dollar started falling, exporters have demanded that the rupee should be devalued.

Ghana hand-over

Ghana's Supreme Military Council will hand over power next year to a transitional national government, Lieutenant-General Fred Akuffo, the Head of State, announced last night, Reuter reports from Accra. Gen. Akuffo assumed office early this month after the unexpected resignation of Gen. Ignatius Acheampong, the former leader. He said the proposed Government should be fully representative of the people on the basis of free elections.

Eritrea denial

Eritrean rebels yesterday denied that Ethiopian government forces had recaptured the town of Dekambare (Decametre), 20 miles south of the provincial capital Asmara, according to a spokesman here for the Eritrean Popular Liberation Front, Reuter Reports from Rome. The spokesman however admitted that an Ethiopian claim to have taken control of Gash and Setit district was true.

N. Zealand deficit

New Zealand's current account deficit for the year ended June, 1978, narrowed to NZ$489m, NZ$42m lower than the previous year's figure, according to New Zealand Reserve Bank statistics, Reuter reports from Wellington. Exports for the June, 1978, quarter were slightly higher than during the same period of the year before, at NZ$887m. Imports were substantially down at NZ$722m, as compared with NZ$793 during the same period the previous year.

Arab feuds acted out in Paris and London

BY ROBERT MAUTHNER

AN ARAB TERRORIST who invaded the Iraqi embassy in Paris yesterday was said by Mr. Tawfiq al-Wandawi, Baghdad's ambassador to France, to be linked with those responsible for the grenade attack on the car of the Iraqi ambassador to Britain last Friday.

Mr. al-Wandawi was not among those taken hostage. He was due to be received by President Giscard d'Estaing, at the end of the envoy's tour of duty in Paris.

During negotiations between 12 Arab Ambassadors in Paris and the terrorist, it became clear that the gunman was demanding an aircraft which would take him and his hostages to London, where he intended to negotiate the release of a woman who was arrest by British police after the grenade attack on the Iraqi Ambassador's car last week.

After this, the terrorist wanted to fly to Baghdad with the hostages to secure the release of a number of political prisoners held in Iraqi jails.

The Iraqi News Agency, in a despatch from Paris, claimed that the terrorist was the brother of the former Palestine Liberation Organisation representative in London, Said Hammami who was assassinated in his office last January.

Anthony McDermott adds: If the description of the man who assaulted the Iraqi embassy in Paris yesterday as the brother of Mr. Said Hammami is correct, it is a further indication of the extent to which inter-Arab feuds are now being enacted in Europe.

Mr. Hammami's killer was widely believed to belong to an extremist Palestinian faction at odds with the PLO.

The British Government was yesterday watching developments, aware that three people were in custody in connection with incidents involving Iraqis. A woman, not of Iraqi nationality, is being held in connection with the grenade attack on the car of the departing Iraqi Ambassador. Two others are being detained as a result of the assassination earlier this month of General Abulel Razzaq Nayef, a former Prime Minister of Iraq.

LEBANESE TROOPS MOVE SOUTH

Christian checkpoint halts advance

KAUKABA, July 31.

THE VANGUARD of the Lebanese army heading into southern Lebanon to establish Government control was forced to halt today because of a Christian militia checkpoint in the region bordering Israel.

Right-wing militia leaders said earlier that they would block the deployment of regular Lebanese troops in the southern areas under their control.

A dozen shells landed about 200 yards from where the 600 Lebanese regular soldiers halted. Their south-bound convoy stopped at the Kaukaba post of the UN interim force in southern Lebanon after being told that a military patrol from the militias had set up a checkpoint on their route.

Lt.-Col. Adib Saad, the convoy commander, said the checkpoint and other reasons were behind the decision to stop the advance. His convoy had been heading for Tibnin, in the central southern sector, and was to have passed through the Khiam and Marjayoun area which is a Christian stronghold.

But UN officers said a patrol attached to the militia of one of the Christian leaders in the region, Major Saad Haddad, had set up a checkpoint on the Khiam-Marjayoun crossroads.

The major and a fellow army officer, Major Sami Chidiac, head right-wing militias in southern Lebanon. They have been attacked by left-wingers and others for co-operating with the Israelis and maintaining an open gate on the border.
Reuter

Ihsan Hijazi reports from Beirut: An official announcement said a battalion of 620 men was deployed in positions alongside the UN interim force, and that the mission of moving troops to the south had been accomplished

Later a statement by the army command said a soldier had been slightly wounded during what it described as Israeli shelling of the south-bound column. Other reports from southern Lebanon said flares were being fired over Kaukaba.

This is the first time that army units have entered the south since the civil war ended two years ago. Officials here said if the exercise is successful, 800 more troops will be despatched to the region later.

The force, backed by 200 armoured cars, moved from barracks in the Bekaa Valley and headed east, making the 70-mile journey before noon.

It is understood that the troops will stay clear for the time being of the immediate border area which is controlled by the Israeli-backed Christian militias.

As the troops moved into position, the Government in Beirut issued an order recalling the two Christian officers who have been in command of the Christian militias in the border strip. Major Saad Haddad and Major Sami Chidiac have been ordered to leave their posts and place themselves at the disposal of the army command.

Meanwhile the right-wing Phalangist radio has announced that nine people have been killed and 42 wounded in new fighting between Syrian troops and right-wing militiamen in the capital. The fighting was said to have broken out when a Syrian supply truck came under fire

David Lennon reports from Tel Aviv: Israel fully supports the Christian forces but is not planning any independent action to prevent the Lebanese army's move south. Israel believes that the force stopped at Kaukaba is totally under Syrian domination. It is believed that the only reason for moving the troops into the south is to weaken the control of the Israeli-backed Christian forces along the border.

It is thought in Tel Aviv that rather than engage in a direct confrontation with the Christian forces, the Lebanese army will stay at Kaukaba and start a war of nerves. Israel expects to come under pressure to persuade the Christians to let the Lebanese army pass through their villages on its way to take up positions in the central sector of southern Lebanon which is policed by UN troops.

It is felt that the Lebanese army could more sensibly have moved into the central region through Nabatiya, thus obviating the need to go through the Christian town of Marjayoun.

The Lebanese force is composed mainly of Shiite Moslems and has worked in the past for the Syrians. It could by no means be considered an army of the Lebanese Government, it was said here.

Reuter reports from Washington: The United States expressed deep disappointment today at President Anwar Sadat of Egypt's rejection of further direct peace talks unless Israel agrees to return all occupied territories. But the State Department announced that Mr. Cyrus Vance, the Secretary of State, would still visit Egypt and Israel later this week.

Pakistan handover rules change

BY SIMON HENDERSON

ISLAMABAD, July 30.

PAKISTAN'S military ruler, General Zia-ul Haq, has again appeared to change the conditions for handing over power. Speaking in Quetta, Baluchistan, yesterday, he told officers at the staff college that his government was trying to create conditions so it could leave the country in the hands of those who can run it democratically.

One of the conditions was that the economy was in good shape. At no time did he mention the holding of elections as being a prerequisite for handing over power, but he did say the conditions should take months rather than years to achieve.

Senior advisers to the military confirm that General Zia is looking to the right-wing Muslim League party, which recently joined his government, as being those hands capable of running the country democratically and stably. Another group, the religious Jamati Islami party, is also thought to be part of the plan, but it has not yet joined the Government, although it has expressed the intention of doing so.

So far there has been no reaction from political parties about General Zia's comments but most, apart from the Muslim League and Jamati Islami, have been demanding the early holding of elections before handover to civilian power. It was also while in Baluchistan several months ago that General Zia said elections would only be held when what he called positive results could be obtained. On both occasions General Zia, who originally was to have taken over from the condemned former Prime Minister Mr. Z. A. Bhutto for only 90 days, has said the army will continue to guard Pakistan from internal and external dangers, which is taken to mean it would remain a dominant force.

China outlines war strategy

PEKING, July 31.

MR. HSU HSIANG-CHIEN, the Chinese Defence Minister, has said that an attacking Soviet force would be lured deep into the country, then knocked out on a battleground of Peking's choice.

The statement comes in a long article published in Red Flag, the theoretical journal of the Chinese Communist Party, to mark tomorrow's 51st anniversary of the founding of the People's Liberation Army.

The article's main thrust was the country's need to prepare for war which, the Minister said, was inevitable but not imminent.

He added that a third world war could be postponed if the developing and developed countries—the third and second worlds—formed a united front against the Soviet Union and the United States.

Mr. Hsu said the struggle for world domination between the two superpowers would cause the war. But he added that the greatest threat came from the Soviet Union which was determined to subjugate China

Mr. Hsu said the main weapon would be the use of a people's war, but added that modern warfare had changed and the concept should be adapted. A combination of field armies regional armies and militia was the best organisational form for a people's war with the militia built up into a powerful reserve.

Then, the strategy should be active defence and when war came, the luring in of enemy forces. "We will deal with the aggressors in this war: we strike at the enemy troops after letting them come in. Our strategy is to gain mastery by striking only after the enemy has struck.

"We will not let the enemy troops go wherever they like, but will make them go where we decide, systematically lead them to battlefields of our choice so as to concentrate our superior forces according to the actual conditions to wipe them out one by one.
Reuter

VIETNAM'S ECONOMY

The soldiers leave the land

BY A SPECIAL CORRESPONDENT

RECENTLY RETURNING to central Vietnam one Western official was surprised to see a dam building site, where thousands of men had been busy carrying earth on shoulder poles during his previous trip in April, near deserted. The reason, the local authorities told him, was that most of the workers were demobilised soldiers, who have now returned to their units to "meet the new defence needs."

This is believed to be a typical example of how tension with China and the continuing border war with Cambodia is leading Vietnam to once again shift its priorities from economic reconstruction to defence.

Western observers in Hanoi believe that most of the 200,000 soldiers who were demobilised in 1975 following the North Vietnamese victory in the South, and who were sent to agricultural cooperatives and factories, are now being called up. In its drive to strengthen the military machine Hanoi has extended the draft age from 18-25 to 16-35 years, and the period of compulsory military service from 3 to 5 years. The current total of 2m under arms—including militia—is to be raised to 6m in the near future. Although many of those would do productive work in addition to their military duties, the cost of arming and feeding them is certain to put a severe strain on the Vietnamese economy.

Since the end of the war the Army has been given an increasing responsibility in economic matters. It has created its own economic department to liaise with the Planning Commission and other ministries and has undertaken many important tasks—from building railway lines and roads to clearing forests and setting up farms and plantations.

"But now with a large number of troops stationed along the border with China and Cambodia and thousands more destined to bolster security in Laos, the army will have to go slow on, if not abandon, many of its economic tasks. Naval ships will have less opportunity for fishing after patrolling the Gulf of Tonkin and Gulf of Thailand.

According to a Hanoi official the Vietnamese army last year would raise less than a quarter of its food itself. This year's figure is likely to be considerably lower. Meanwhile, many new economic zones (where people have been resettled on virgin land) and many established paddy fields along the Cambodian border have been abandoned as insecure.

Last year a combination of drought, floods and mismanagement resulted in a grain shortfall of about 2m tons. Vietnam survived the crisis with the aid of 1.6m tons of emergency imports and by belt-tightening. Although this year's crop appears likely to be better, sources in Hanoi still anticipate a deficit of around 800,000 tons. But if the conflict with Cambodia continues until the next dry season it could seriously affect harvesting. During a trip to Vietnam's border region with Cambodia in the Mekong Delta in March this correspondent saw abandoned fields of ripe paddy that peasants would not harvest for fear of being shelled or shot at by the Khmers.

CAMBODIA said yesterday that its forces had killed 600 Vietnamese and wounded 2,000 in fighting on their border, Reuter reports from Bangkok. The Cambodians claimed a total of 1,200 Vietnamese killed and 2,500 wounded during border clashes in July. Hanoi said that over the past week Vietnamese troops had wiped out several Cambodian battalions.

Western diplomats in the Thai capital said fighting between the two countries over the past two weeks had been the heaviest for some months. In Peking, Hua Kuo-feng, China's Communist Party leader, reaffirmed his country's support for Cambodia.

The usual strains war imposes on an economy have been exacerbated by the cutoff of Chinese aid and, perhaps more seriously, by the sudden departure of tens of thousands of workers, technicians and engineers of Chinese origin. Most Western observers in Hanoi tend to agree that while the Vietnamese authorities made life difficult for Chinese private traders (despite two decades of socialism there was a thriving market in Hanoi and Haiphong which became more prosperous following the "liberation" of the consumer-goods rich South) and other cadres suspected of loyalty to China, they did not expect the trickle of Chinese departures in March and April to develop into a mass exodus.

Among thousands of Chinese who crossed over to China were factory workers, miners, dockers, teachers, doctors, fishermen and a large number of technicians. Work in a number of factories near Hanoi, and the cement mill in Haiphong, slowed down considerably in May.

However, the most serious loss seems to have been suffered by the coal mines, for about 60 per cent of the miners were of Chinese origin, and it is realiably estimated that in May coal production dropped to 15-20 per cent of normal.

This decline is bound to affect not only Vietnam's own consumption but also its foreign exchange earnings. Anthracite was one of Vietnam's principal exports last year, sales to Japan earning $47m, 65 per cent of Vietnam's earnings on trade with that country.

In addition two-thirds of Vietnam's power is generated from coal. The production of seafood—another important export—is also likely to suffer with the departure of a large number of fishermen.

The Chinese decision on July 3 to cancel all its 80 aid projects has also dealt a serious blow to Vietnam's efforts to repair its war-damaged infrastructure and industry. Vietnam's Thai Nguyen steel mill, set up with Chinese aid in the early 1960s, was seriously damaged by American bombing. But from 1973 onwards Chinese technicians were working to put the mill back into operation. During a visit to the mill in November 1977, this correspondent was told that about 60 Chinese experts were helping to restore four furnaces. Now with the departure of those technicians Hanoi will have to find other assistance to run its only steel mill.

According to Western diplomats in Hanoi, Comecon, which Vietnam joined recently, has agreed to take up 10 of the abandoned Chinese projects. No details are available about these, but there are strong doubts as to how quickly or effectively the Soviet bloc is likely to come to the rescue of Hanoi. Progress on the much-vaunted Moscow-aided Black River hydro-electric project, which the Russians claim to be the "Aswan of Asia" has been conspicuous by its slowness.

AMERICAN NEWS

Six-month certificates help savings institutions

By John Wyles

NEW YORK, July 31.

NEW SIX MONTH savings certificates, introduced in the U.S. in June, appear to be giving savings institutions some of the hoped-for protection against the steady climb this year in short-term interest rates.

Money flows into institutions offering mortgages had been dropping dramatically in the first five months of the year, because savers were diverting money into higher-yielding instruments in the money market, such as Treasury bills. Deposits with savings and loan associations, for example, plummeted by 41 per cent in comparison with the equivalent period of last year, thus increasing anxieties that new housing construction would be curbed.

However, according to the Federal Home Loan Bank Board today, the rate of decline was slowed in June when net receipts of new savings at savings and loan associations showed "a less than seasonal drop-off." Mr. Robert McKinney, the Board chairman, claimed that this reflected "widespread saver acceptance" of the new six-month certificates, the rates of which are pegged to the prevailing return on six-month Treasury bills. Savings institutions are allowed to pay 0.25 per cent above the Treasury rate on their certificates which, following a Treasury auction last week, carried an interest rate of 7.68 per cent.

Economic indicators index rose by 0.4% in June

BY DAVID BUCHAN

WASHINGTON, July 31.

THE U.S. index of leading economic indicators, widely used to gauge future trends, rose by a respectable 0.4 per cent in June, according to a preliminary estimate released today by the Commerce Department.

This gives little support to fears, expressed by some private economists, that the U.S. is heading for an early recession. The index now shows a rise for every month this year, after the Commerce Department today revised downwards its estimates for April and upward those for May, thus levelling out the slight decline initially recorded in the May indicators.

The Treasury Secretary, Mr. Michael Blumenthal, and the Federal Reserve Board chairman, Mr. William Miller, have recently said that, although growth will be slower in the second half of 1978, the economy is in for a soft landing, not a recession. Recessions in the U.S. have traditionally been preceded by several months of decline in the leading indicators.

But the June rise in the index, in which the biggest factor was the increase in residential building permits, is well below the 0.9 per cent increase in the revised figures for April above those of March this year. This is taken here as yet another sign that the economy will not meet the administration's target of real growth of 4 per cent this year.

The biggest drop in the June index was in plant and equipment orders, perhaps reflecting the gloomy view that business is now taking of the rising inflation rate. Consumer prices rose at an annual rate of 10.4 per cent in the first six months of 1978, to make it almost certain that the Administration's hope of keeping inflation to little more than 7 per cent this year will not be fulfilled.

The Commerce Department reported that of the 10 indicators available for the June preliminary estimate, six rose, three declined, and one—labour lay-offs—was unchanged.

Machine tool orders up sharply

BY DAVID LASCELLES

NEW YORK, July 31.

ORDERS for machine tools in the U.S. are continuing to soar, maintaining the strong trends of the first half of this year and highlighting the strength of industrial investment.

Orders rose by no less than 54 per cent in June, compared to those in the equivalent month last year, to bring the total rise in the first half of the year to 46 per cent—a record, according to figures prepared by the National Machine Tool Builders' Association.

The June total was $396.3m compared to $257.3m last year, and up 12 per cent from May's $354.9m. The biggest surge came in lathes, milling machines, machining centres and other metal cutters, where orders rose 71 per cent. Orders for metal pressers were up 8.6 per cent.

The June rise was particularly gratifying to the industry, which increased its prices in April and had expected the next few months to be weaker. Most of the machine tool makers canvassed for their opinions also foresaw continuing strength in orders for the rest of the year.

Apart from evidencing the volume of industrial capital spending—which had been identified by several industry surveys earlier this summer—these figures also point to the breadth of the investment front.

The car makers still account for much of the rise. They are currently tooling up for the generation of models which will have to conform to new fuel consumption and emission standards. However toolmakers who supply other industries, notably aviation, are also optimistic, as they see their customers gearing up for an era of fuel and material saving and high productivity.

Emergency loan rate to Brazil banks increased

By Diana Smith

RIO DE JANEIRO, July 31.

AS OF this week, commercial and investment banks in Brazil must pay the Central Bank 33 per cent and 49 per cent, respectively, as interest on emergency loans equivalent to up to 3 per cent of their month-end deposits. Previous rates were 30 per cent and 40 per cent, respectively.

Emergency loans are the present equivalent to the former Central Bank liquidity re-discount extended to banks resorting to the Central Bank when in difficulties. Interest rates have been raised in order to put further brakes on the money supply, which has over-run budget estimates, and to discourage individual borrowing.

The commercial banks have been charging an average 57 per cent interest rate per annum on loans. The new Central Bank measure can be expected to provoke an early rise in this rate.

More prospective orders for Boeing 767 aircraft

BY OUR OWN CORRESPONDENT

NEW YORK, July 31.

FURTHER PROSPECTIVE orders for the proposed new medium-sized aircraft from Boeing, the 767, emerged today with a letter of intent to buy 10 of the aircraft, signed by International Lease Finance Corporation, an aircraft leasing company in Beverly Hills.

This is the second announcement concerning the 767 since United Airlines placed a $1.6bn order for 30 of the aircraft nearly three weeks ago. Mr. Leslie Gonda, chairman of International Lease Finance, a privately-owned company, said late today that negotiations were now under way with Boeing, and that he expected to place a firm order by December.

Mr. Gonda's company owns an undisclosed number of aircraft which it leases to many airlines throughout the world. He claimed today that some of the prospective users he had lined up for the 767s were western European, but he declined to name any airlines.

The potential value of the purchase is about $250m for aircraft which would be delivered in 1983 and 1984. In addition, International Lease has placed firm orders for two 737 aircraft, valued at about $22m, to be delivered next February and July.

The 767 is planned as a 200-seat wide-bodied aircraft, and is to be the main U.S. competitor to the proposed B10 version of the European A300 Airbus.

U.S. COMPANY NEWS

Carborundum acquisition boosts Kennecott profits; Coal producers see brighter future; Good second quarter performance by Texas Instruments; Resorts International faces $39,000 fines; Record half-year for Upjohn—Page 18

Los Angeles to put last plan to Olympic body

LOS ANGELES, July 31.

LOS ANGELES will present its "last chance" plan to stage the 1984 summer Olympic Games to the International Olympic Committee (IOC) within two days, but there are still a number of obstacles to overcome.

Mayor Tom Bradley of Los Angeles—who brought the plan yesterday from a meeting in Colorado Springs, with the U.S. Olympic Committee president, Mr. Robert Kane—said on his return, "unless we are surprised by the IOC, I would say our chances of staging the 1984 Games are very good."

The plan represented the last chance for Los Angeles to stage the Games, he added, because there would not be enough time to present another proposal before the extended deadline of August 21, by which Los Angeles should sign a contract.

Reuter

THE 1979 U.S. FOREIGN AID BILL

Resentment on Capitol Hill

BY DAVID BUCHAN IN WASHINGTON

PUSHING A Foreign Aid Bill through Congress is always an uphill task. This year, not only are mid-term Congressional elections due: there is talk of tax revolt in the air, and the counterpart of this is that public spending—of which foreign aid is always the most unpopular component — is much under attack. So the job of getting through the 1979 Bill—to be debated this week by the House of Representatives—is positively herculean.

Under attack in particular this time are the multilateral lending agencies such as the World Bank and its "soft loan" affiliate the International Development Association (IDA) and also the smaller agencies like the Inter-American Development Bank and the Asian Development Bank. All of these are heavily dependent on U.S. funds.

A growing body of opinion in Congress resents the loss of control over the increasing proportion of American aid that has been channelled through them. Conservative and liberal wings in Congress both feel loans made by these agencies are often against American interests, propping up Marxist or oppressive regimes. Protectionists worry that they help foreigners compete against U.S. industry and agriculture.

Further, some Congressmen argue that the agencies often fail to ensure that their loans benefit the poorest people in the poorest countries, while others are merely piqued that many agency officials get substantially better salaries and perquisites than they do.

Leading the battle against the international agencies in this week's debate will be Representative Clarence Long, whose Appropriations subcommittee has already cut the foreign aid allocation to $7.3bn, $1.1bn less than the Carter Administration asked for. By far the biggest cut, $876m, was in U.S. contributions to the IDA and the Inter-American Bank. Now Mr. Long, who has described the two banks as "elitist institutions run by oligarchs, skilled in keeping the crumbs from falling off the table to reach the hungry," will be urging a further cut of $584m in contributions to them.

The Administration has reminded Congress that the U.S. now ranks 13th among the 17 largest donor countries in terms of the percentage of Gross National Product devoted to official aid. More specifically, Treasury Secretary Michael Blumenthal has pointed out that of the $3.5bn, which the Administration is requesting next year for the international banks, some $1.5bn is merely backing which the the U.S. provides, as do other governments, for the banks' borrowings on the private capital markets. The money is therefore highly unlikely to leave the U.S. Treasury.

A further $835m of the total request is simply arrears in pledged U.S. contributions. But Mr. Long and his supporters counter that even with the extra $584m cuts, the amount going to the international banks will still be the largest ever.

Success for Mr. Long could spell near disaster for the IDA, both Administration and World Bank officials maintain. The IDA depends totally on government donations to make its concessionary loans to the Third World. The U.S. is already badly in arrears, owing $750m, or one half of its total pledge, to the "fourth replenishment" of the IDA. Every other donor country paid up in 1976, and IDA is now into its "fifth replenishment," the latest of the periodic appeals it makes to the rich, industrialised countries.

The crunch will come next summer, when the IDA must have at least $340m of the U.S. arrears to meet its loan obligations. The Administration has tried to mollify Congress by arguing that negotiations for the fifth replenishment (to be paid between 1977 and 1980) were virtually tied up by the time that President Carter took office, that the U.S. contribution, at 31 per cent of the total, was set too high, and that in future the Administration would get other countries to pay more.

But World Bank officials worry that there may not be a future, that other donor countries will simply refuse to pay up in further replenishments if Congress does not wipe out the arrears this year.

The level of U.S. contributions is not the only disputed issue. So is their use. Last year Congress threatened two amendments to control the use of American contributions to the World Bank and the IDA. These would have forbidden the lending of the money to Cuba, Mozambique, Angola, Uganda, Cambodia, Laos and Vietnam—or for any sugar, citrus and palm oil projects, on the grounds that this would hurt the American farmer.

Mr. Robert McNamara, the President of the World Bank, made it clear that these conditions were unacceptable. So the Administration stepped in and got Congress to back off, by promising that the U.S. director of the World Bank would be directed to use his "voice and vote" to make Congressional concerns known.

As a stop-gap, this compromise was acceptable because the U.S. has no blocking veto over Bank operations. In the last year the U.S. director voted against a loan to Laos and against a loan for a Malaysian palm oil project. The grounds for the latter vote, that the palm oil would compete with U.S.-produced soya oil, were admitted by the Administration and the U.S. Agriculture Department to be spurious.

> **What everyone bemoans is Mr. Carter's lack of clout with the Congress. The hope of the aid lobby is that appeals to the economic self-interest of the U.S. will carry the day in Congress.**

Negative votes by the U.S. were no more frequent because Cuba, Mozambique and Angola are not members of the Bank, Uganda and Cambodia are not active borrowers from it (though an irrigation project loan to Vietnam is currently being considered), and there has been virtually no demand for sugar and citrus project loans from the Bank.

But as a permanent arrangement, this satisfies no one: neither the World Bank, nor the Carter Administration, which dislikes the disingenuous role Congress has forced it to play, nor Congress which still sees loans made over U.S. objections. "The issue must now be forced to a political conclusion on the floor of Congress," one senior World Bank official says. The danger of allowing one country to produce its own "hit list" of undesirable projects or recipient countries is that other members of the Bank might want to do the same, and its operations would dissolve into chaos.

One restriction of U.S. behaviour in the World Bank is here to stay. This is the Harken Amendment passed last year which forbids U.S. aid to countries which show "a consistent pattern of gross violations of human rights." In accordance with this amendment, which concurs exactly with its own policy on human rights, the Administration has voted against certain World Bank loans in recent months.

World Bank officials find this irksome, and the pattern of voting erratic. Why, they say, vote against a loan to Benin and yet let South Korea off scot-free? But they have no fundamental objection, because the policy is applied on a case by case basis and does not try to impose a permanent blacklist of countries.

Proponents of aid feel that fundamentally Mr. Carter's heart is in the right place, though there has been some criticism. This year the President has proposed that 90 per cent of all U.S. bilateral aid go to just four countries in the Middle East, and of that an overwhelming amount to just two countries, Israel ($785m), and Egypt $750m).

The director of the U.S. Agency for International Development, Mr. John Gilligan, while admitting that this could be a very good investment if it furthered peace in that region, has nevertheless criticised this geographical distortion of the aid effort.

Nor was the World Bank exactly delighted when Administration officials started to lend their voice in the criticism of the Bank's salaries. The Bank, which publicly blames the U.S. for not paying its legislators enough, rather than admitting that its officials are overpaid, is nonetheless acutely sensitive to this type of criticism, and has for instance now cut out first class air travel for all but a handful of its staff.

What everyone bemoans is Mr. Carter's lack of clout with the present Congress, which seems neither to fear his displeasure nor seek his favour. The hope of the aid lobby is that appeals to the economic self-interest of the U.S. in giving to the international banks will carry the day in Congress. The non-oil developing countries account for nearly one-quarter of U.S. exports and imports, and last year $7bn, or 37 per cent of total direct investment earnings from abroad, came from the Third World.

But if the aid bill goes awry in Congress and Rep. Long gets his way, then World Bank officials see a distinct possibility that some of the richer partners of the U.S., the West European countries, might decide to take their aid money where it cannot be used as political football by the U.S. These same officials consider that a decision by EEC governments to put more of their aid money into the European Community's Lome scheme would pose to the World Bank the same sort of threat that the recent decision to set up a European monetary fund does to the International Monetary Fund.

WORLD TRADE NEWS

UK exports to Russia increase by 56 per cent

By David Satter

MOSCOW, July 31.

BRITISH EXPORTS to the Soviet Union have continued to increase strongly, with a 56 per cent rise in the first half of this year compared with the same period of 1977. Deliveries on major Anglo-Soviet contracts signed last year and in 1976 began to have an impact on the results.

Figures released today by the British Embassy in Moscow show exports in the six months were £225.7m against £144.9m in January-June, 1977.

At the same time, British imports from the Soviet Union fell by 15 per cent to £298.4m compared with £352.9m for the same period of 1977.

As a result Britain's traditional deficit in Soviet trade was reduced to £72.7m from £208m during the first half of 1977.

The improvement is attributed to major deliveries under the £100m gas compressor station contract signed in December, 1976, and also to a significant but unexplained rise in British exports of non-ferrous metals.

The export figures do not reflect large values for uranium sent to the Soviet Union for enrichment and re-export to Britain and so are believed to reflect a genuine export gain. Deliveries on two other major Anglo-Soviet contracts—the £50m Constructors John Brown contract for a high density polyethylene plant and the £233m Davy Powergas methanol plant contract—are expected to begin before the end of the year, improving the figures still further.

The Soviet Union still, however, has not fully utilised the 1975 Anglo-Soviet export credit; only £440m to £450m of the £950m credit is believed to have been drawn so far.

Total trade turnover increased 5 per cent during the first half of this year to £524.1m against £497.8m for the first half of last year.

The decline in British purchases from the Soviet Union was attributed here to a sharp fall in imports of non-manufactured textile fibres and a small decline in diamond imports. The biggest import items—oil and oil products—remained at about the same level as last year.

Bill on the Arab boycott list shelved by the Lords

BY MAURICE SAMUELSON

A BILL aimed at curbing the Arab boycott, modelled on U.S. legislation, will not be reintroduced in the next session of Parliament, a Lords select committee has decided.

However, supporters of the Bill hope that the committee will recommend, for a trial period, important changes in Government policy which do not require legislation. These include much stronger emphasis of Britain's disapproval of the boycott and an end to the practice of letting companies decide entirely for themselves how to react to boycott questionnaires.

The Government would also be asked to intervene through diplomatic channels to protect British companies and to drop the practice of authenticating negative certificates of origin, as required by some Arab states. British embassies and trade missions, too, would be discouraged from disseminating business opportunities containing boycott clauses.

The Foreign Boycotts Bill, sponsored by Lord Byers, the Liberal peer, was put in the hands of a select committee four months ago after receiving a second reading. The committee concluded its report at the end of last week and is believed to have concluded that there would not be sufficient time in the autumn for it to have a third reading. The report will be published—early September.

The nine members, under the chairmanship of Lord Redcliffe-Maud, also appear to have been divided about whether the Bill should go forward at all. Other members of the committee, besides Lord Byers, included Lord Boyd-Carpenter, the former Conservative Agriculture Minister, Lord Aylestone, former Labour Chief Whip, and Lord Caccia, a former permanent under-secretary at the *Foreign Office*.

Although strongly backed by pro-Israeli bodies in Britain and North America, the Bill lacked the support of the Government. It was also opposed by leading industrial and commercial organisations who feared it could seriously jeopardise British trade with the Arab oil states.

The Government's opposition to the Bill was underlined by the refusal of Dr. David Owen, the Foreign Secretary, to testify—ostensibly because he was too busy.

Besides opposing legislation in Britain, Whitehall last week voiced its anger at the extra-territorial aspects of the U.S. Export Administration Act affecting U.S.-controlled companies in Britain. U.S. regulations which come in force today, require companies to inform the U.S. Government upon receipt of boycott requests or questionnaires.

The U.S. Administration is aware of British sensitivity about extra-territorial legislation. This may have contributed to its failure to give the Lords Committee as much evidence as it wanted about the effects of U.S. legislation on U.S.-Arab trade.

Jordan, Syria integration talks

BY RAMI G. KHOURI

AMMAN, July 31.

THE three-year-old drive for economic integration between Jordan and Syria will be taken an important step forward this week when the joint higher committee, chaired by the Prime Ministers of both countries, meets in Damascus to approve the establishment of a joint industrial holding company with a capital of $60m.

The holding company will act as an umbrella group to establish a series of joint manufacturing plants in both countries, and is likely to turn abroad for loans of between $120m and $180m to finance its schemes, according to Mr. Najmuddine Dajani, Jordanian Industry and Trade Minister. The Amman-based company envisages setting up plants to produce white cement, ready-made clothing, pig-iron and pesticides he said in a Press interview.

One of the aims of the gradual Syrian-Jordanian economic integration drive is to offer facilities for foreign industrialists looking for manufacturing or assembly sites in the heart of the Middle East, the Minister said, adding that this Syrian-Jordanian role in the region was discussed during his visit to Britain earlier in July.

Most of the provisions of an investment promotion and protection agreement were finalised during the London visit, he said, and plans are in hand for a visit by British industrialists and government officials to Jordan this autumn. The aim of this trip will be to discuss the establishment of new joint venture manufacturing schemes, particularly in the joint Jordanian-Syrian free zone that is now being set up, as well as in the other free zones in both countries.

Dr. Dajani said he held talks with British companies who have expressed interest in establishing joint ventures in Jordan in the food and beverages, electrical goods, pharmaceuticals and chemical fields.

U.S. steel limits working

NEW YORK, July 31.

THE U.S. Government's trigger price mechanism (TPM) for restricting steel imports "is now gradually making itself felt," according to the American Institute for Imported Steel.

The institute said Commerce Department figures show imports in June totalled 1.36m net tons, down 25 per cent from June 1977, and down 10 per cent from May 1978.

Mr. Kurt Oban, president of the institute, said imports now have declined for both months—May and June — in which the TPM has been in practical effect.

Mr. Oban said, however, that "shipments from countries other than the European Community nations and Japan are still very high. The reasons for these higher than ordinary shipments aren't immediately apparent."

John Wyles adds from New York: Domestic steel manufacturers have welcomed indications that imports are dropping, but point out that in the first five months of the year, volume was well ahead of last year, and the indications are that imported steel will exceed the [illegible]m tons the Administration hoped might be the 1978 total under the trigger price mechanism.

Dell will lead British trade visit to China

By Lorne Barling

MR. EDMUND DELL, Secretary of State for Trade, will lead a powerful delegation of British businessmen on a trade mission to China next month with the intention of winning firm export contracts.

The announcement of the mission follows a number of other exchanges, including several Chinese visits to the UK, and its composition clearly indicates the areas in which the Chinese have expressed interest.

Although a number of companies which already do business with China are represented, it is notable that Lord Limerick of Kleinwort Benson and Mr. Ken Cotterill, of the Export Credits Guarantee Department will be present. They will be seeking clarification of Chinese attitudes on credit and may offer advice on various means of compensation trading, which could be vital to future deals.

Chinese interest in British consultancy services has led to the inclusion of Mr. David Chapman, a director of the PE Consulting Group.

Another new area of possible trade is construction, and Mr. Robert Aldred, chairman of Taylor Woodrow International, will be on the trip.

As on missions to other countries, Mr. Dell will seek to include the businessmen in high level discussions. They have been urged to act as representatives of their industries as well as their particular companies. The group will also visit Hong Kong.

The other members of the mission are: Sir John Buckley, chairman of Davy International; Mr. Peter Brackley, general manager of BP Processing; Mr. Frank Edwards, deputy chairman Humphreys and Glasgow; Sir Derek Ezra, chairman of the National Coal Board; Sir John Keswick, director, Jardine Matheson and vice president of the Sino-British Trade Council; Sir Arthur Knight, chairman of Courtaulds; Mr. Gordon Planner, deputy chairman of the Sterling Group; Mr. Graham Strachan, group managing director, John Brown Engineering; Sir Peter Thornton, director, Rolls-Royce and Sir James Woodeson, chairman of Northern Engineering Industries.

Reuter adds from Brussels: The EEC has announced its first moves towards liberalising trade with China since the signing of the EEC-China framework trade accord in April. The Commission has proposed to ministers a reduction of import tariffs for 20 Chinese products over and above a list of items normally granted to Communist or "state-trading" countries.

EEC ministers will examine the new proposal later this year. The products affected would include certain types of wood and leather, trimmings for women's clothing and certain products made from tar.

Iran oil talks

The National Iranian Oil Company and the Western oil companies that market the bulk of Iran's oil are near agreement on a five-year sales arrangement to replace the 15-year one whose volume requirements have proved difficult for the companies to meet, according to newspaper reports here, AP-DJ reports

Taiwan airline orders Airbus

BY DAVID CURRY

PARIS, July 31.

THE SUCCESS of the European Airbus in Asian markets continues. The Taiwan-based China Airlines has become the 17th company to decide to purchase the aircraft. It has ordered four of the Super B-4 version for delivery from April, 1980, and has signed up for four options.

Total orders for the aircraft now amount to 108 with 53 options, including those ordered options placed for the soon to be developed shortened B-10 version of the aircraft.

Fay Gjester writes from Oslo: Norway's Ministry of Defence is to buy four Sea Lynx helicopters from Westland Helicopters, of the UK. The value of the contract including spare parts and special equipment, is understood to be about NKr 100m. The Ministry has the option, until the end of this year, to increase its order to six machines.

Meanwhile, Lockheed of the U.S. has joined two European companies, Dornier of West Germany and Dassault-Breguet of France, to offer the Alpha Jet trainer in the U.S. Navy's proposed competition to find a new advanced trainer, writes Michael Donne. The U.S. Navy will eventually need up to 1,000 aircraft.

The twin-engined Alpha-Jet is built by Dassault and Dornier on an international collaborative basis and France and West Germany are each buying [illegible] aircraft.

● The 300th firm order for the DC-10 was announced yesterday by McDonnell Douglas with the signing by Swissair of contracts for the purchase of two additional series 30 models of the wide-cabin tri-jet, reports AP-DJ from Long Beach.

The Swiss carrier ordered its 10th and 11th long range DC-10 jetliners. By model 300 total DC-10 orders include 120 for the series 10, 149 for the series 30, and 31 for the series 40. Of the total, 29 are convertible freighter versions. Value of the 300 orders is approximately $7bn.

ASEAN wants U.S. concessions

BANGKOK, July 31.

THE ASSOCIATION of South East Asian Nations (ASEAN) is to ask the U.S. to modify its policies on countervailing duties and quotas when ASEAN ministers meet their US counterparts in Washington, this week.

ASEAN's strategy for the meeting, which starts tomorrow, also includes a plea for the U.S. to use its influence in the multinational trade negotiations (MTN) to promote more liberal rules governing the export industries of developing countries.

The meeting is the second official session between ASEAN and the U.S. The first meeting, which aired a number of economic sore spots but brought no commitments from either side, was held in Manila last September.

ASEAN officials laid out their latest bargaining position in a memorandum drafted in Manila, where representatives met to try to work out a united front prior to the Washington session.

Two protectionist measures were emphasised in the position paper. One was an attempt by the U.S. government to levy countervailing duties against certain garments imported from ASEAN countries.

The question of countervailing duties arises when governments are deemed to be unfairly subsidising goods for export. In the past, the U.S. has argued that such subsidies are inherently wrong if they favour exports over goods made for domestic use. Most other nations contend that such export subsidies are simply a fact of life in world trade and that penalty duties should be allowed only if domestic industries are injured by the flow of foreign goods.

The countries affected by the countervailing duties were not spelled out in the memorandum. But the paper did say total ASEAN garment exports to the U.S. in 1977 amounted to $111.7m.

On quotas, the second protectionist measure named in the briefing paper, ASEAN said the use of past performance to determine the size of quotas on certain products placed newcomers seeking a share of the U.S. market at a disadvantage. The ASEAN group urged "a more liberal basis in setting quotas for such countries. It is suggested that the U.S. consider other factors such as existing and potential export capacity."

On the positive side, the paper said it was "appreciative" of offers made by the U.S. on certain ASEAN products during the multinational trade negotiations. But the memorandum noted that the products in question make up less than 7 per cent of ASEAN-U.S. trade, with an annual value of about $650m.

In other areas, ASEAN said it was disappointed that the U.S. refused to put certain trade liberalisation measures into effect in the area of "tropical products" without complementary trade concessions to the U.S. from individual ASEAN nations. Tropical products is a vaguely defined category which includes woods, fruit, timber and other products grown in tropical countries.

The ASEAN delegation, according to its briefing paper, will also ask the U.S. to direct some of its own massive purchasing power toward ASEAN products. Such a step is considered unlikely when many U.S. companies are complaining of injury by foreign competition and when the U.S. is already running a record trade deficit.

AP-DJ

India frees more imports

BY K. K. SHARMA

NEW DELHI, July 31.

THE Indian Government has further liberalised its import policy to allow unrestricted import of capital goods for 14 key industries, together with the free import of components for them by actual users. Policies for registered exporters have also been relaxed to restore to them the authority to import items not earlier included in the import replenishment scheme.

The liberalisation is based on the report of a committee headed by Brigadier B. J. Shahane, Secretary for technical development. Further easing of restrictions will be made when the committee submits its final report shortly. Adjustments will then be made to permit import of certain items now on the banned list.

Mr. Mohan Dharia, the Commerce Minister, told Parliament that the further reorientation and simplification of foreign trade policy would provide a stable base for the future. Although he did not say so, the liberalisation has become possible because of the rising foreign exchange reserves which are now worth over $6bn.

Methanol for Indonesia

BY KEVIN DONE, CHEMICALS CORRESPONDENT

INDONESIA IS going ahead with the construction of a world-scale methanol plant, capable of producing 400,000 tonnes a year.

The plant is to be located on Bunyu Island off the coast of north-eastern Kalimantan, and is expected to cost more than $200m (£105m).

Pertamina, the Indonesian state-owned energy corporation, said the plant would be built to supply feedstock to the growing Asian petrochemical industry. Methanol is the raw material for a large number of synthetic organic chemicals and plastics resins.

The plant will be supplied from a number of gas fields on the island. According to Pertamina there are sufficient gas reserves to supply the plant for 20 years.

According to the present plans the methanol plant should be in production in late 1981.

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Gaming machines in clubs 'hit pubs'

By Kenneth Gooding

CLUBS are taking trade away from public houses because they are able to use "enormous" profits on gaming machines to cut beer prices on average by 3p a pint, it was claimed yesterday.

The claim is made by stockbrokers Rowe and Pitman, Hurst-Brown in their Breweries Quarterly.

Mr. Philip Shaw, their analyst, suggests that all the growth in the beer market is accounted for by the clubs and the take-home trade.

"The losers are the brewers, who suffer from lower margins and reduced profits from their managed pubs, and the tenants of their tied houses."

The recent report from the Royal Commission on Gambling put forward only one small concession aimed at helping the pubs compete.

So "clubs will continue to undercut public houses on beer prices and the drift from pub to club will continue."

Pubs were allowed to instal only machines for amusement with very small prizes, but registered clubs—of which there were nearly 30,000—could have gaming machines which offered jackpots of up to £250.

"The net takings are believed to be very substantial, with some very large clubs having machine incomes of up to £20,000 a year.

"One industry source has estimated that on average beer prices in clubs are some 3p a pint cheaper than those prevailing in comparably sited public houses, and gaming machine income has, at its highest, been known to be equivalent to 5p a pint for every pint sold."

Eastern investments aid pension funds

BY ERIC SHORT

JAPANESE, Far Eastern and Australian funds have proved to be the best investment for pension funds over the first half of this year, according to figures provided by pension consultants Harris Graham and Partners.

The funds were the top equity performers, with Anglo-Nippon Exempt, managed by Foreign and Colonial Group, showing a rise of 70 per cent over the period and Japan Exempt, managed by Edinburgh Fund, recording a 56.5 per cent rise.

However, the average performance of equity fund was a modest 4 per cent rise over the period—four times the increase of the FT-Actuaries All Share index of 1 per cent.

But it failed to match the movement of National Average Earnings, up 9.9 per cent, or the Retail Price Index, up 4.7 per cent. In all, 45 out of the 54 equity funds analysed beat the index.

Property funds showed the best average performance over the period moving ahead by 8.3 per cent. The best fund was Friends' Provident Property with a rise of 22.2 per cent and even the worst fund showed an increase of 1.4 per cent.

Fixed interest fund, in contrast, showed falls in value averaging 3.4 per cent — on a par with the decline of 3.7 per cent in the FT-Actuaries All Stocks-gilts index. The only fixed-interest funds to record a rise were the cash funds.

But in pension fund investment, it is very important to get the correct mix of equities, property and fixed interest. The schemes can either do this themselves or leave it to the financial institution by investing in a mixed fund.

However, the average performance over the first half of the year showed a rise of only 0.2 per cent, with Friends Provident Managed the best performer with a rise of 4.3 per cent.

PENSION FUND PERFORMANCE, FIRST SIX MONTHS 1978

	Equity % change	Fixed interest % change	Property % change	Mixed % change
Top	+69.8	+3.9	+22.2	+4.3
Average	+ 4.0	−3.4	+ 8.3	±0.2
Bottom	− 8.9	−8.8	+ 1.4	−2.6

Copyright breached by racing car

A GRAND PRIX car was ruled off the world's racing circuits by a High Court judge yesterday.

"It would be a mockery of justice if the Arrows FA1 car was flaunted on the race tracks," said Mr. Justice Templeman. He ruled that 40 per cent of the car's components had been copied from the rival Shadow DN9 car, owned by Mr. Don Nichols, an American.

Mr. Nichol's Advanced Vehicle Systems Inc., which races as The Shadows team, was granted an injunction banning the Arrows car from competing in any races.

The judge said that the Arrows team had stolen a march on their rivals and inflicted "humiliation and loss" on The Shadows organisation.

The Shadows had sued four members of the Arrows team, all formerly associated with the Nichols company, alleging breach of copyright and claiming an injunction and damages.

The four were former racing driver Jackie Oliver, designer Tony Southgate, team manager Alan Rees and draughtsman David Wass.

The judge awarded damages, to be assessed, against Mr. Oliver, Mr. Southgate and Mr. Rees. He held that the three FA1 cars from the Arrows stable at Milton Keynes were in substance infringing reproductions of drawings of The Shadow DN9.

Don't cut prices of council homes, says Labour

By Michael Cassell, Building Correspondent

THE LABOUR PARTY yesterday called for an end to the practice of selling off council houses at discount prices.

The party's national executive committee said that it could not support a system under which public assets, paid for over the years by tenants, ratepayers and taxpayers, should be sold at anything less than full market value.

At present, local authorities can sell homes at up to 20 per cent less than the market value, provided there is a pre-emption clause giving the council the right — for five years — to buy back the house on resale at the original price.

Authorities can apply for special consent to sell at a 30 per cent discount, in which case a longer pre-emption period is imposed.

Valuation

The Labour executive recommends that any council house sales should be based on full market valuation and that discount schemes and pre-emption periods should end.

Mr. Frank Allaun, MP, chairman of the working group which produced last week's Labour Party report: A New Deal for Council Housing, said in London yesterday that while the party was opposed to the indiscriminate sale of council homes it recognised the right of local authorities to sell if they had been elected to do so.

It was wrong, however, that publicly-owned assets should be dispensed with at "bargain basement" prices.

In an attack on Conservative housing policy, the party executive said that the Opposition did not want to develop public housing but intended to dismember it, largely by selling off council homes without any regard to the social consequences.

National Supply to spend £5m in UK

By Kevin Done

NATIONAL SUPPLY, one of the leading U.S. manufacturers of oilfield drilling and production equipment, is planning to spend £5m to expand its manufacturing facilities in the UK.

Mr. Ted Rogers, company president, said yesterday that the main part of the investment would be used to expand capacity at National Supply's existing factory at Stockport, which employs about 600 people.

The company was also looking for a possible second manufacturing site in the UK and was considering locations in Aberdeen, Edinburgh and Northern Ireland.

National Supply is a subsidiary of Armco Steel of the U.S. Armco last year sold oilfield drilling and production equipment worth $474m (£250m) worldwide, representing about 13 per cent of group turnover.

National Supply's sales in the UK last year amounted to about £70m. Mr. Rogers said that the expansion of its UK manufacturing base was not dependent on the development of North Sea oil and gas. About 70 per cent of its UK production was exported, and about half of it was sold to the U.S.

New jobs

The UK expansion is still to be approved by the Armco main board, but National Supply hopes to start work on the project, which could create more than 100 new jobs, early next year.

Mr. Rogers said the expansion was linked to developments in the world oil market. The UK was viewed as an ideal base from which to approach this market, particularly because of its bilateral aid agreements with countries such as India and because of its financial connections.

National Supply expected the world market for drilling and production equipment to keep well ahead of general economic growth.

Employers 'should give more health information'

BY PAUL TAYLOR

EMPLOYERS should provide the Health and Safety Executive with much more information about occupational ill health, the Health and Safety Commission suggested yesterday.

In a consultative document, the commission said the law requiring notification of occupational ill health should be extended and rationalised to cover a wider range of diseases.

Present regulations under the Factories Act are "unsatisfactory" and because they have been built up in an *ad hoc* basis over a number of years they cannot provide the information required by the executive under the 1974 Health and Safety Act.

Instead, the commission wants the Factory Act requirements scrapped and a package of wide-ranging proposals introduced that will place much greater emphasis on employers to report cases of occupational ill health.

For the first time employers should be required to notify cases of ill health which might have been caused by exposure to harmful substances.

Employers should also maintain a register of all occupational ill-health cases and inquiries, and notify the executive of any incidents of ill health which prevent employees continuing work for at least four hours.

In 1975-76 there were 14,674 claims for benefit, of which 90 were for notifiable diseases under the Factories Act.

The commission has invited comments on the proposals to be submitted before October 27.

Draft document on the notification of occupational ill health: HMSO; 50p.

New curbs on advertising Health Service drugs

BY JAMES McDONALD

NEW CONTROLS on the content and form of advertisements for medicines prescribed under the National Health Service will be introduced on December 1, the Department of Health and Social Security said last night.

The regulations apply to any advertisement addressed to a doctor or dentist and aimed at persuading him to prescribe or supply a medicinal product.

Under regulations published by the Department on January 27 too advertisements that could lead to the use of a medicine for do-it-yourself treatment of diseases and self-treatment are banned as from today.

The Medicines (Advertising to Medical and Dental Practitioners) Regulations 1978, SI 1978 No. 1020, SO, 20p.
The Medicines (Labelling and Advertising to the Public) Regulations, SI 1978 No. 41, SO, 35p.

Company to sack 200

BY TIM DICKSON

THE GENERAL ENGINEERING Company (Radcliffe) plans to cuts its work force by more than a fifth in the next two months.

The group, in Manchester, which reported losses last week of £512,000 before tax for the year to March 31, against profits of £609,000, last night announced that it would sack 200 of its 917 UK employees and shut its Preston factory.

Fuel bills aid to be repeated

THE GOVERNMENT had decided to repeat last winter's scheme for helping people on supplementary benefit and family income supplement with their fuel bills, Mr. Anthony Wedgwood Benn, Energy Secretary, told the Commons yesterday.

Under the scheme, 3m people will receive a £5 basic payment in January, plus a discount voucher to be offset against electricity bills. The Government is considering extending the scheme to other people with low incomes.

WORKING BRITAIN

PAUL CHEESERIGHT opens a summer series spotlighting areas and products for which they are famous

Terry Kirk

Gamecock, Bill Coleman's oyster smack, is the only local vessel which regularly fishes the Whitstable oyster grounds. When Harold Rowden, now 73, started as a youngster of 12 there were 80 vessels working.

Whitstable oysters might thrive in clean Thames

THE WHITSTABLE oyster is alive and well, but for commercial purposes is living at the bottom of a plastic tank in a hatchery.

The bivalve which titilated the palates of the Romans and the pen of Charles Dickens is dead, the victim of bacteria, icy weather and lack of cash.

Hopes of revival linger, not only in the minds of veteran fishermen but in the muted plans of local businessmen. Indeed, one of the results of cleansing the Thames estuary could be a return of the Whitstable Royal Native to the luxury restaurants of London.

It got there in the first place by a sharp reversal of the habits of the 19th century, when Sam Weller and Mr. Pickwick talked in a Whitechapel street.

"It's a very remarkable circumstance, sir," said Sam, "that poverty and oysters always seem to go together."

"I don't understand you, Sam," said Mr. Pickwick.

"What I mean, sir," said Sam, "is that the poorer a place is, the greater call there seems to be for oysters."

Oysters, ½d for 100 in 1273 and 33d for 100 in 1850, became a luxury after World War I. They cost nothing to grow as they gain their nourishment from the sea.

But in 1920-21, Nature did its worst and almost the whole Whitstable stock was destroyed by parasites in what Whitstable men call the Black Death. The industry has never recovered.

The oyster is fecund but susceptible to cold, and the stock was nearly wiped out again in 1940 by the severe winter. The same thing happened in 1947 and yet again in 1963, just after 1m two-year-olds had been introduced to the fattening grounds. That was the last major attempt to revive the industry.

Conditions may be good for another attempt provided risk capital can be found. The vagaries of the weather put an emphasis on risk.

The argument is advanced by veteran fishermen like Mr. Harold Rowden that there has been an environmental recovery. The waters are cleaner than they have been for years, in spite of a nearby paper mill.

These days there are fishing parties at Gravesend, Essex fishermen have been taking oysters from the Whitstable beds, and more varieties of fish are being caught locally.

This emphasises the importance of Whitstable's geographical position on the northern Kent coast, to the east of the Isle of Sheppey, where the Medway runs into the Thames estuary. The waters around Whitstable are affected by the industrial activities of towns to the west.

5,000 a month

The oyster beds exist by virtue of the levels of salinity in the water. Rivulets run into the sea and "the water has a 3 per cent salt solution which is the correct habitat for oysters."* The rivulets also provide the oysters with the nourishment that in turn gives them, or used to, a unique flavour.

Traditionally, oysters would breed on the public fishing grounds of Whitstable and then be fattened on special beds just offshore. If the oyster had been both bred and fattened locally and sold by the Whitstable Oyster Fishery Company it carried the description Royal Native.

Immediate prospects for rehabilitation of the industry in its traditional form centre on the company, formed by Act of Parliament in 1896 from the Company of Free Fishers and Dredgers of Whitstable. It was part fishermen's co-operative, part public company and has not paid a dividend since 1925.

Latterly Green and Knight, a local private property and retailing concern, bought about a third of the shares. Mr. Barry Green points out that all the facilities are available for a revival, and demand is easy to create. A venture which turned over 5,000 oysters a month would pay, he says.

Whitstable Oyster Fishery has storage tanks and other shore facilities and the main asset is a fattening bed, "which produces the best oysters in the world." Mr. Green's main problem, now his firm has effective control of the company, is to raise the cash to repair the shore facilities, clean up the fattening bed and introduce new stock.

Whitstable Oyster Fishery still does some small trading in oysters—usually from other parts—but the other Whitstable oyster concern stopped market trading five years ago, abandoned the name Seasalter Ham and Oyster Fishery Company and called itself Seasalter Shell Fish, which still occupies a harbour site but has no oyster dredges.

What it does have is a hatchery—a large number of tanks where both native and foreign oysters are bred for sale and fattening elsewhere.

Mr. John Bayes explains that the hatchery sells some 20m oysters in total measuring between 10mm and 15mm across a year, the company has a turnover of about £100,000, producing a profit of £15,000. It is a business exercise in oyster science.

When the company has some spare cash it might start revitalising the old fishing grounds to which it has title, but Mr. Bayes thinks it would need about £2m to get back into business. He is more worried about paper mill pollution than Mr. Rowden is.

Seasalter Shell Fish is not in the near future likely to put capital at risk even if it becomes available. Its parent is Associated Fisheries, which has more pressing financial problems with which to contend.

* *Whitstable Natives, by J. E. Stevens, published by K. C. Hall; £1.*

"The Return from the Kermesse" by Pieter Bruegel the younger, which was sold on July 7 by Christie's for £260,000.

London auction houses raise take by 29.8%

SALEROOM

BY PAMELA JUDGE

SALES THROUGH the four main London auction houses in the year now closing totalled £282.9m, against £217.8m for the 1976-77 season. The rise of 29.8 per cent owes much to the sale by Sotheby's of the von Hirsch collection, which made an unprecedented £18.4m.

Overseas consignments of fine art to London were largely responsible for an increase in the worldwide net sales of Sotheby Parke Bernet (the full name) to £162.5m, against £123.9m last year, a gain of 31 per cent. American sales realised £60.9m net, a rise of £16.8m on the previous year.

Christie's London and overseas sales totalled £89.1m compared with £66.4m in the previous year, an increase of 34 per cent. Christie's Park Avenue saleroom in New York completed its first full season and took £18.3m, with premium, for 53 sales.

Turnover at Phillips was another record, at £23.8m against £21.5m in the year to August 1977—a rise of 10.7 per cent. The house has doubled its turnover in four years.

For Bonham's the rise was 25 per cent, to £7.5m. Its major departments, furniture and oil paintings, showed gains of 35 per cent and 33 per cent respectively.

Mr. Peter Wilson, chairman of Sotheby's, says "Our records show that more people all over the world are now collecting works of art and books." Of the 303,000 lots sold, 62 per cent went for £200 or less.

In Zurich, where the net total was £9.4m, against £6.5m, Sotheby's has become the largest sellers of jewellery at auction. Hong Kong has become a major market for Chinese ceramics and other works, and here Sotheby's reached £3.2m (£2.6m).

Monaco is now a centre for selling French furniture and decorative arts, and the house's total was £2.5m (£1.2m). During the American season 247,074 people went to the sales and the viewing galleries, an increase of 10.5 per cent.

Impressionist and contemporary works accounted for £23.3m (£16.5m), jewellery £21.7m (£17.5m) and modern pictures £20m (£14.1m), other coins and medals sold for £900,000, compared with £1.3m.

Christie's held 1,127 sales in London and overseas. Foreign sales accounted for £32.1m, against £18.6m last year, and were the primary cause of the increase in the total. Mr. John Floyd, chairman of Christie's, recognises the value of foreign buyers but reports signs that British collectors are in a more optimistic mood.

July saw a £3m sale of Old Masters in which 160 of the 220 works came from abroad. Some 34 per cent of the London sales total was for works from overseas, a similar percentage to last year.

Two sales of Impressionist pictures held in New York totalled £2.9m, and a Gutenberg Bible was sold there for a world record £1.1m. It is now in the Stuttgart Museum Library.

On the Continent, there were 131 sales by the Geneva, Rome and Amsterdam offices, compared with 101 in 1976-77.

Reporting the record turnover of Phillips, Mr. Christopher Weston, chairman, was also looking to the future. He expects his company to conduct 1,000 or more auctions in the coming year, including 33 in New York between September and December.

In September there are to be three sales on owners' premises.

Britain has 'worst paid secretaries in Europe'

Financial Times Reporter

BRITAIN'S secretaries are the worst paid in Europe in spite of severe staff shortages throughout the country and record salary increases in London, says a survey published yesterday.

The latest survey of the Alfred Marks Bureau shows that staff shortages pushed up salaries by a record £3.25 a week in London between March and May 1978, bringing the experienced secretary's average wage up to £66.75 a week.

The annual increase in the average £54.75 salary of all central London office staff was 13.5 per cent. This represented a real income gain of 5.2 per cent in pre-tax earnings.

A recent Management Centre (Brussels) survey, details of which are published in the Alfred Marks Bureau survey, shows that a senior secretary in Switzerland, for example, has a net real salary of £6,058, her counterpart in Belgium, £4,764 and in Germany, £4,356. The British equivalent would receive only £2,315.

Full employment

Demand for qualified office staff in Britain is increasing rapidly. During the next few months, more than 130,000 newly-trained secretaries will be looking for jobs and the Alfred Marks Bureau has forecast full employment.

Mr. Bernard Marks, chairman, said that vacancies registered during the quarter March-May, 1978, in central London increased by 37 per cent in comparison with the same period 12 months ago.

Restaurants will have to show prices

By Our Consumer Affairs Correspondent

PROPOSALS FOR restaurants to display food and drink prices outside their dining area were published yesterday by the Department of Prices.

The draft order requires restaurants and cafes to give customers the opportunity before entering of seeing prices, information about service charge, cover charge, VAT and any minimum charge.

● The Government's new system of price controls, announced early last month, comes into force today.

It replaces the more rigid controls of the old system with a more flexible system of investigations into prices as outlined in the 1977 Price Commission Act. Only increases which will yield over £1m will need to be justified by information comparable to that which has been required.

Car import curb talks likely

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH motor industry is expected to seek a further round of restrictions against Japanese car imports when the present agreement runs out at the end of this year.

No formal meetings have been arranged as yet. But the Society of Motor Manufacturers and Traders, the representative body for the industry, is likely to meet the Japanese authorities later this year.

It is likely that the Department of Trade will stay on the sidelines and see how successful the society is in its negotiations before making a move to intervene.

Pressure to renew the agreement, under which the Japanese Ministry of International Trade and Industry monitors Japanese shipments to the UK, came yesterday from Mr. Doug Hoyle, Labour MP for Nelson and Colne.

He said after a meeting with Mr. Edmund Dell, the Trade Secretary, that he would be urging the Government towards a tougher stance on the issue.

HOME NEWS

Five-year forecast sees more jobless

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

UNEMPLOYMENT IN the major industrialised countries is likely to rise rather than lessen over the next five years, according to a detailed medium-term economic analysis published yesterday.

Economic Models, an international firm of economic consultants based in London, projects a rise in the nine main industrialised countries from 14m to about 16m by 1983. The only exceptions will be West Germany, Japan and the Netherlands.

The firm predicts that the average annual rate of economic growth for the nine countries—also including the U.S., the UK, Belgium, France, Italy and Canada—will be only 3½ per cent over the period.

This compares with an estimate by the secretariat of the Organisation for Economic Co-operation and Development that its member countries would have to achieve a 4½ per cent annual rate of expansion to maintain present employment levels.

Economic Models is sceptical about the implementation of two of the most important pledges made at the recent Bonn summit of Western leaders—the ability of the U.S. to curb its oil imports, and Japan's ability to fulfil its economic growth targets.

Looking at individual countries, the report says that growth in the UK up to 1983 now seems much more likely to be constrained by problems of external balance than had been hoped. Import penetration will largely offset the direct effect of the North Sea programmes on the external balance.

UK prospects

"Despite, therefore, a likely shortage of skilled workers and prospects for productivity growth which are poor in an historical perspective, the unemployment rate is expected to be as high in 1983 as in 1977."

The average rate of increase of real Gross Domestic Product is expected to be 3.2 per cent a year in 1978-83, compared with an average for the nine countries of 3.4 per cent.

The fastest growing economy is expected to be that of Canada with an annual expansion of 4.8 per cent over the period (aided by rising exports), closely followed by Japan with a rate of 4.5 per cent.

In West Germany, the growth of output is not expected to attain the rates prevailing before 1973, while price inflation, helped by the rise in the exchange rate, will remain below 4 per cent, dipping occasionally under 3 per cent.

In contrast, Italy is described as "the sick man of Europe," mainly because of a sharp growth in imports. The report suggests that a balance of payments crisis in 1979 will lead to severe deflationary policies so that in 1980, while the rest of Europe is enjoying a small boom, Italy will be at the bottom of a cycle.

However, the policies will work to the extent that the deficit is eliminated by 1981, and for the rest of the forecast period Italy will show a small surplus on goods and services.

"The cost of achieving this will be lower average growth in the next six years compared even with the last six years, which included the post-oil crisis recession." It will also mean nearly 2m unemployed, compared with just over 1½m now.

Economic Models, 30, Old Queen Street, London, SW1H 9HP

Five more for share options trading

By Margaret Reid

FIVE COMPANIES have been chosen by the Stock Exchange for addition to the list of 10 in whose shares options are traded in London. The new ones are BOC International, Boots, EMI, Imperial Group and Rio Tinto-Zinc Corporation.

Companies considered but not added include Rank Organisation and Beecham.

The London traded options market opened on April 21. The further five companies are now being told of their selection to ensure that they have no objection to being included.

Options in the new batch of five may have different expiry dates from those in October, January, April and July which apply to the present ten stocks in the market.

The expiry dates being thought of for the additional names are August, November, February and May. Should these dates be decided on, option trading in the five extra stocks could begin later this month.

The Stock Exchange options committee has gone for companies whose shares have a large total market value and sizeable turnover, and whose underlying price tends to move enough to interest investors in options trading.

Since the market opened in April more than 38,000 contracts have been traded, an average of around 555 a day. At the end of last week there were open positions (option contracts outstanding) on shares with a total market value of some £17m.

One purpose of having a different set of dates by which options on the five extra stocks would expire would be to spread the market's administrative burden fairly evenly through the year. The development would also give investors a broader choice of dates by which they might want to take a view on the likelihood of a particular market movement.

Concorde 'boom' flights adjusted

By Michael Donne, Aerospace Correspondent

CONCORDE FLIGHT paths between Britain and France have been adjusted on an experimental basis to try to eliminate or reduce the "secondary boom" phenomenon.

This noise is a repetition of the original boom made by the supersonic jet as it flies faster than the speed of sound.

The normal flight paths were devised originally to ensure that the primary sonic boom would not be heard over populated areas of Western England and France.

But the "secondary boom" then occurred, caused by the original boom "bouncing" back to earth in certain weather conditions, and affecting areas a long way away from the point of the original boom.

This "secondary boom" was heard widely in Southern England in the winter of 1976-77, and resulted in research by the Government to discover its cause and produce measures to prevent it.

A report by the Department of Industry yesterday said that it is now appreciated that "secondary booms" have been experienced in this country for many years—long before Concorde—through military aircraft operations. But they have been of low intensity, random occurrence and relative rarity.

Nevertheless, because it could be demonstrated that Concorde was occasionally responsible, moves had been made to change the aircraft's flight paths so as to cut down the likelihood of secondary booms affecting UK land masses.

New statistics head named

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. JOHN BOREHAM will take over today from Sir Claus Moser the responsibility for providing statistical information for the Government and the public.

Mr. Boreham will become a permanent secretary in the Cabinet Office with the twin posts of director of the Central Statistical Office and head of the Government Statistical Service.

He is 53 and has been in Whitehall as a statistician in various departments since 1950. Before this move Mr. Boreham was deputy director of the Central Statistical Office for six years.

He takes over as the Office is three-quarters of the way through a major review of its publications. This may lead to a redesign of long-established ones such as the Annual Abstract of Statistics and the Monthly Digest.

Sir Claus, 56, is leaving the public service after occupying this post for 11 years.

He will become vice-chairman later this year of N. M. Rothschild and Sons, the merchant bank, and a director of the Economist newspaper, where he will be chairman of the Economist Intelligence Unit.

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Dilemma at Capital Annuities

By Eric Short

POLICYHOLDERS with Capital Annuities, the life company put into liquidation last week, have to decide between accepting a substitute policy for their contract with the company, or claiming against Capital Annuities for the liquidation value of their contract.

These alternative courses of action have been set out in a letter sent yesterday by the Policyholders Protection Board. This pointed out that the substitute policy, which is to be issued by the Commercial Union Assurance, would continue to pay 90 per cent of the original benefits with some scaling down where these benefits were considered excessive. In a liquidation, the policyholder would receive dividend payments from the liquidator based on the capital value of his contract, as and when the assets were available.

Capital Annuities went into provisional liquidation in April, 1976, on the application of its directors. The Policyholders Protection Board had, until now, been trying to arrange a rescue scheme which would have allowed the company to run down its business as a closed fund. This attempt failed to gain the approval of the court.

The Board has operated an interim payment scheme, paying benefits at 90 per cent of their contractual level and under the new arrangement, the substitute policy issued by Commercial Union would continue these payments.

Most policyholders with the company are either annuitants receiving income payments for life.

In April, 1976, the liabilities of the company amounted to £4.6m and the book value of the assets, mostly direct property holdings or mortgages secured on property, totalled £4.4m. But Mr. Paul Shewell, the special manager of Coopers and Lybrand, chartered accountants, pointed out yesterday that the estimated market value of the assets was well below this figure.

Engineers' groups attacked by Tories

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE MAJOR engineering institutions have "grossly neglected to make any substantive effort to improve the material well-being and status of engineers," says the Bow Group.

The independent Conservative study group calls in its evidence to Sir Monty Finniston's committee of inquiry into engineering, for an independent body to take over the role of controlling and regulating the engineering profession. This job possibly should be done by the Department of Industry.

For more than a century, the engineering institutions "have stood astride the engineering profession" and "the present low morale and status of the profession is a signal measure of their failure."

The institutions were regarded by many engineers as "remote bodies out of touch with their members, ineffective in anything but the promotion of purely technical discussion, with a result that many professional engineers do not consider it worth while to join an institution."

It was too early to judge the success of the reconstituted Council of Engineering Institutions, on which all the institutions were represented.

"Suffice to say that, in its previous guise, it passed almost unnoticed by professional engineers and others alike. We find it astonishing that the CEI opposed the setting up of the committee of inquiry and it is an indication of the lack of understanding of the problems and concern of professional engineers which prevails in that council."

The idea of the licensing of engineers was "something of an irrelevancy" and, without licensing, the setting up of a system of registration separate from the institutions would be a relatively simple procedure.

City office block sold for £19m

By John Brennan, Property Correspondent

ENGLISH PROPERTY Corporation has sold its 108,171 sq ft office block, Mariner House, Crutched Friars in the City, for £19m.

EPC, the £700m property group which recently abandoned takeover talks with the Dutch property group Wereldhave, bought out MEPC's freehold interest in the block in 1976 and recently renegotiated Midland Bank's tenancy agreement on the building, granting a new lease at an up-to-date rack rent.

Building societies face fair trading check

VIRTUALLY the entire agreement governing the relationship between building societies and the Building Societies Association was placed on the register of restrictive practices yesterday by Mr. Gordon Borrie, Director General of Fair Trading.

The move is the first step in a long process which could end with the Restrictive Practices Court banning the agreement because it is not in the public interest.

Among items which went on to the register were recommendations from the association to the societies governing, for example, the terms on which building societies will make mortgage loans, and the arrangement of insurance cover for properties.

Under Restrictive Practices legislation, the societies have been obliged to send details of restrictive agreements to the Office of Fair trading.

The office then decides if the agreement is the sort that should go on the register of restrictive practices.

Unions against EEC oil plans

BY RAY DAFTER, ENERGY CORRESPONDENT

TRADE UNION leaders have hit back at the EEC Commission which is planning to challenge several aspects of Britain's North Sea policies.

At a meeting yesterday with Mr. Anthony Wedgwood Benn, Energy Secretary, union officials agreed to urge the Trades Union Council and the Government to oppose the reported EEC plans.

Mr. Benn reported that the commission was investigating four aspects of North Sea policies:

1—The role of the Energy Department's offshore supplies office in seeking to ensure that UK companies are given a "full and fair" opportunity to compete for North Sea orders.

2—The Government's requirement that oil produced from the UK Continental Shelf should be landed in Britain.

3—British Gas Corporation's role as a monopoly buyer of natural gas produced from the UK sector of the North Sea.

4—The Government's scheme for providing interest relief grants to UK suppliers of North Sea oil equipment.

Mr. Benn also made it clear that the Government would continue to oppose any EEC move to impose centralised commission control over the oil refinery industry and that he was disturbed that Britain's attempts to sign a bilateral nuclear safeguards agreement with Australia for the supply of uranium during the 1980s had been thwarted by the commission.

The meeting, involving officials and sponsored MPs from trade unions involved in the fuel, power and engineering industries agreed to take up the issues with the TUC's fuel and power industries committee. They said they hoped that the TUC would seek support from Governments in Britain and the Common Market in a campaign against commission action restricting UK North Sea policies.

Mr. Roger Lyons, a national officer of the Association of Scientific, Technical and Managerial Staffs, said that the meeting was particularly concerned about the impact of the commission's proposed intervention in North Sea policies on the engineering industry. "Particularly worrying is the effect on industries in Scotland which are closely linked to offshore supplies. The whole UK industrial strategy for oil, gas and petrochemicals has become threatened by these EEC actions."

Mr. Benn said three EEC Commissioners were involved in investigations into British energy policies. They were the heads of the competition, energy and industrial affairs directorates.

In Brussels it is thought that no official action will be taken before October for the commission is not anxious to become involved in a political battle with Mr. Benn, a committed anti-Marketeer. However, the commission says it is still waiting for Britain to submit formally its plans for amending the interest relief grants scheme.

Mr. Benn first spoke out against the EEC plans at two recent meetings—a Social Science Research Council energy seminar and a National Coal Board advanced management course. He told NCB executives that if the commission prevented the Gas Corporation from buying all the gas from the UK North Sea "that would completely change our own perspectives for absorbing gas, the use of gas and the role of gas in UK energy policy."

If the Government was prevented from requiring that oil was landed in the UK then "a central part of the oil policy would have been transferred from this country to the commission."

Restrictions on the Offshore Supplies Office's full and fair opportunity scheme would have "considerable job implications," he said.

● Chevron, as the new operator of a group of offshore oil companies with interests in North Sea block 3/28, has begun to drill a second well on the concession in a bid to appraise the Siebens heavy oil discovery. The consortium is using the Venture I rig.

APPOINTMENTS

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COMPANY NOTICES

PARLIAMENT AND POLITICS

Bill to extend controls given Royal Assent

Dividends fight only avoided by lack of time, says Carr

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LEGISLATION extending statutory 10 per cent dividend control for a further 12 months received Royal Assent last night after unusually acrimonious debate in the House of Lords.

From the Conservative front bench Lord Carr of Hadley accused the Government of "dictatorship" in the way it had pushed the Bill through Parliament. Lord McCluskey, for the Government, retorted by dismissing the Opposition's protests as "academic whining."

A spirited rearguard action against the dividends Bill was fought by Lord Monson, a cross-bencher, who put down six amendments which would have made important modifications and severely restricted its scope.

Lord Carr declared that the Tories would have been prepared to put up a fight by supporting the amendments. But they were unable to do so because their hands were tied by the fact that the existing dividend control regulations were due to expire at midnight.

Had the Opposition altered the Bill, then it would have had to go back to the Commons for further consideration before being returned to the Lords once more. The result would have been that today the country would have been without any form of dividend regulations.

Lord Monson moved an amendment limiting the extension of controls until next March instead of next July and another exempting Northern Ireland from dividend limitation. These were rejected without a vote.

Another amendment, which was withdrawn, stipulated that controls should not apply to companies where the percentage increase in wages and salaries during the last financial year was more than treble the percentage increase in net Ordinary dividends paid.

Also withdrawn was Lord Monson's proposal that the Bill should not apply to companies where more than 50 per cent of the shares were held by insurance companies and pension funds.

Finally, Lord Monson wanted to change the title of the legislation to make it the Dividends Continuing Restriction Bill, in order to make it clear what the Government was inflicting on investors. This too was withdrawn.

The Opposition was particularly annoyed that details of the regulations were not included in the Bill but issued in a Press release last week and not provided to peers.

Lord Carr pointed out that if the Opposition was to go through the normal procedures and vote against the Bill, then that would create uncertainty and would be against the national interest.

"This reduces Parliament to a farce," he declared. "We wish to register the strongest protest. We really might as well have a dictatorship.

"This really is contempt of Parliament. We are not given the time and information necessary to debate the matter."

Lord Carr also wanted to know what would happen after next July and recalled that a year ago, when introducing the last extension, Ministers had said that controls would not be renewed again.

"Yes, we would like to fight," he said. "But the Government has put us in a position of holding only a nuclear deterrent. If we have a fight and amend the Bill we leave the country without a law from midnight tonight."

He said that if the levels of wages and salaries were taken as an index of 100 in 1972, then they would now stand at 223 on the scale. But dividends, over the same period, had only risen from 100 to 140.

The Conservatives were opposed to the Bill because it would affect working efficiency, hold back investment and lead to some higher unemployment. It seemed odd that the Government was basing its argument on fairness when the chief recipients of dividends were the very workers in whose name the controls were being imposed.

"Rising dividends mean rising pensions. It seems a very funny idea of social justice to us," he declared.

Lord McCluskey refused to speculate on what would happen over dividend control in 12 months' time. "It is quite impossible to say what will happen at the end of that period. Everything will depend upon how the economic situation is seen."

He pointed out that dividend controls had been introduced first by the Conservative Government in 1973.

"If it is absurd, then it has been absurd since 1973," he told the House. "These complaints are quite misplaced."

From the cross-benches, Lord Monson said that he wanted the title changed to the Dividends Continuing Restriction Bill so that it would reveal it in all its "stark mean-minded ugliness."

He argued that wages had more than kept pace with inflation over the past five or six years and would continue to do so. Dividends, meanwhile, had fallen behind.

Lord Shinwell (Lab), in a forceful speech, told the Tories to stop shadow boxing and make up their minds whether they wanted to vote in favour of Lord Monson's amendments.

"What a poor lot they are," he said of the Conservatives. "What is Lord Carr up to? Did he get out of bed on the wrong side this morning?"

Another cross-bencher, Lord Terrington, a member of the wider share ownership council, told peers: "Today's decision is basically unfair and most discouraging to a whole lot of existing and potential small savers."

Tory plan aims to bring Quangos within control of Parliament

BY RUPERT CORNWELL, LOBBY STAFF

A DETAILED plan to reduce the numbers of Quangos—"quasi-autonomous national Governmental organisations"—and bring them more firmly into the grip of the elected Parliament was put forward yesterday by the Conservatives.

The proposals, drawn up by Mr. Philip Holland, Tory MP for Carlton, and Mr. Michael Fallon, of the Conservative Research Department, are not official party policy. But they are likely to appeal strongly to Mrs. Margaret Thatcher and could well be referred to in the General Election manifesto.

The authors, who set out their views in a pamphlet, entitled "The Quango Explosion, Public Bodies and Ministerial Patronage," broadly define the Quango as "a body other than a departmental Committee to which a Minister appoints members other than civil servants."

The biggest specimens of the breed are ACAS, the Price Commission and the National Enterprise Board. But Ministers now make, at the latest and probably less than complete estimate, 8,500 paid and 25,000 unpaid appointments.

"Jobs go to trade unionists, retired or defeated politicians, Left wing academics and regional party officials," Mr. Holland said last night. "These constitute the new apparatchiks of the modern British Soviet State.

"Quangos are the outriders of the corporate state. Through these unelected unrepresentative bodies, Ministers are exercising control out of reach of Parliament. Inexorably, the frontiers of bureaucracy are being advanced by a calculated extension and abuse of political patronage."

The pamphlet points to the inexorable tendency of Quangos to breed other Quangos, and their refusal to disappear even when formally abolished. "The Quango never grows old, rather it multiplies or takes on new forms, succumbing to a favourite Socialist illusion that by altering the names of things, one is somehow altering the nature of the real world."

A particularly vivid example cited concerns the five Department of Education research councils. To see that these do not overlap, there have been spawned the advisory Board for the research councils, three specialised committees, two inter-council committees, an inter-council co-ordinating committee with four specialised sub-groups, and several joint council committees.

Since Labour came to power in 1974, claimed Mr. Holland, 42 new national bodies have been set up, of which the 10 largest will cost over £35m to run this year alone. "Many tell us what to do and what to think . . . 1984 is nearer than many of us realise," he insisted.

If a Conservative Government regains office, the authors want three things done: a cut in the number of Quangos, the creation of Commons machinery to make them accountable and strict vetting of Ministerial nominees, coupled with tight limits on the number of such jobs any one person may hold.

To achieve the first goal, Mr. Holland and Mr. Fallon want an immediate review of existing bodies and the swift despatch of those "no longer essential to the nation's well being." Every Quango would be liable to automatic dissolution after five years unless extended for a further five by a resolution of both Houses of Parliament.

To improve accountability, all bodies receiving more than 50 per cent of their income from public funds should be subject to regular scrutiny by the existing all-party Expenditure Committee of MPs, and to regular debates on the floor of the House.

This would close the much-criticised loophole by which the NEB, to name but one Quango, virtually escapes Parliamentary control, even though it spends £275m of taxpayer's money a year.

Finally, appointments to Quango jobs on purely political grounds will cease. All full-time paid posts would have to be approved by the Nationalised Industries Select Committee. No one would be allowed to hold more than three part-time, or one full-time and one part-time post simultaneously.

Benn lists EEC Commission conflict areas

BY IVOR OWEN

A NEW onslaught on the EEC Commission for its continuing refusal to co-operate in the development of policies which reflect Britain's position as the Community's major energy producer was made in the Commons yesterday by Mr. Anthony Wedgwood Benn, Energy Secretary.

"The Commission is taking us on on six fronts," he told the House, in again reaffirming his determination to ensure that responsibility for energy policy in Britain is not transferred from Westminster to Brussels.

Mr. Benn called on Tory MPs to give him support in standing up to the Commission which he contended was acting unreasonably.

He stressed: "These are not disputes with other member States, many of whom share our view about the role of the Commission in energy policy."

The six major issues identified by Mr. Benn as being subjects of conflict with the Commission were:

1—Interest relief grants (loans at subsidised rates for the offshore oil supplies industry).

2—The Scottish-based offshore supplies office (the Commission is questioning its legality).

3—Landing rights (Britain's requirement that North Sea oil must be brought ashore in the UK).

4—The monopoly purchase of gas by British Gas.

5—Nuclear policy, particularly the decision to prevent Britain buying uranium from Australia.

6—Oil refinery capacity (the Commission wants to limit Britain's refinery capacity).

"These are a major range of attacks upon our national energy policy," declared Mr. Benn.

He also restated the case for expanding the use of British coal —£10 a tonne cheaper than any other coal in Europe—for the generation of electricity throughout the EEC so as to reduce the Community's dependence on oil imports and imported coal from Poland.

Mr. Tom King, Conservative energy spokesman accused Mr. Benn of being less than frank with the House by not admitting that he had been too slow in pushing the scheme to get more British coal burnt in power stations in the EEC.

Denying the charge, Mr. Benn maintained that he had pressed the coal scheme 18 months ago. The Council of Ministers had refused to agree to it. The fact was that if the Council of Ministers was not ready to endorse a policy, no British Minister had the power to enforce it.

The Energy Secretary claimed that the scheme submitted to the Electricity Generating Board to encourage additional coal being burnt in the power stations would not involve any additional cost to electricity consumers.

Stock levels at power stations and pit heads were high and could increase further, he added.

Off-street parking power restored

BY JOHN HUNT

BY A MAJORITY of seven (116-109), the Government last night put back into the Transport Bill a provision giving local authorities power over off-street parking.

This is intended to give discretionary powers to county and regional councils to license public off-street parking places.

Mr. William Rodgers, Transport Secretary, called for the reinstatement of the clause, which had been rejected by the House of Lords.

"You cannot have the effective management of traffic in towns unless you have the management of parking as well," he told the Commons.

The Government move was opposed by Mr. Norman Fowler, Conservative transport spokesman, who said there was no evidence that the use of this power by the Greater London Council had achieved the aim of forcing people on to public transport.

The local authorities and the police did not want the system. The next step would be the control of private residential parking and a permit system for anyone wanting to park outside their office, Mr. Fowler predicted.

Rhodesia 'indifference' denied

DR. DAVID OWEN, Foreign Secretary, was accused in the Lords yesterday of appearing to be cynically indifferent about the abduction of children from Rhodesia.

Lord Goronwy-Roberts, Foreign Office Minister of State, had told Lady Elles (C): "We are using our influence through the Botswana Government, the UN Commissioner for Refugees and the International Red Cross to try to ensure that those who wish to return home can do so, and that those who do not are properly looked after."

Lady Elles suggested that it was an example of "the apparent cynical indifference of the Foreign Secretary to the situation in Rhodesia that this is never brought up with the guerrilla leaders themselves."

Lord Goronwy-Roberts replied that this suggestion was "most abhorrent." Dr. Owen was deeply concerned about all kinds of human tragedy.

Tories urged to boost worker participation

BY PHILIP RAWSTORNE

CONSERVATIVE trade unionists yesterday proposed that a future Conservative Government should provide tax incentives to encourage companies to introduce worker participation schemes.

In a policy document, A Plan for Government, submitted to Mrs. Margaret Thatcher, the CTU says that decision-making in industry and commerce has become increasingly remote.

"This trend needs to be reversed if employees, from managers to shop floor, are to feel part of a concern whose success is important to them."

A Conservative Government should give positive encouragement to a wide range of participation schemes, starting at shop-floor level rather than the Boardroom, it says.

The document suggests that employees should also be given a stake in the success of their companies and the economy generally through the creation of company investment funds.

Under the scheme, employees would receive dividends from the funds which would be established by annual contributions from company profits and invested across the stock market.

The CTU says that psuedo-statutory pay policies are divisive and blackmail by Governments over contracts are dishonest and unnecessary. "These should therefore be avoided at all costs."

It adds: "We believe that collective bargaining should be as free as possible. Responsibility in wage-bargaining will be encouraged by lower direct taxation and by a greater understanding of both the size of the national cake and the ingredients of the social wage."

Productivity bargaining should be introduced into the public sector. In those areas that cannot benefit, such as the police and fire service, the pay position should be reviewed by an independent Board.

The document calls for further expansion of industrial training facilities along the lines of the Open University.

A drive to provide more jobs should include a more flexible policy towards retirement, it suggests. "We look towards standard pension being payable from 60. Thereafter, additional pension rights would accrue for each year worked on a retirement age scale from 60-70." Preparation for retirement should be helped by additional time off work from the age of 55.

Opposition queries £900m aid write-off

By Ivor Owen, Parliamentary Staff

THE CONSTITUTIONAL propriety of the Government's decision to write off aid repayments by 17 of the poorest developing countries at a cost of some £900m in the period up to the end of the century was questioned from the Opposition benches in the Commons yesterday.

Mr. Robert Rhodes James (C Cambridge) argued that a decision extending over such a prolonged period was in conflict with the long established doctrine that one Parliament has no power to bind its successors.

The Speaker, Mr. George Thomas, pointed out that every Parliament was the master of its own affairs. "I have no doubt that the next Parliament will behave as it wishes to behave—properly, I hope."

Under challenge from Mr. Richard Luce, a Conservative foreign affairs spokesman, Mrs. Judith Hart, Minister of Overseas Development, admitted the inadequacy of the per capita income criteria in judging the economic potential of under-developed countries.

"I wish some of our economists were further advanced in their work on trying to define some other index," she said.

Mrs. Hart announced that a maximum annual cost of £60m would be involved in giving effect to the decision to write off £900m, covering principal and interest, in the period to the end of the century.

The decision was a development of the Government's aid policy and would remove the burden of past aid loans.

All the 17 countries concerned—Afghanistan, Bangladesh, Botswana, Egypt, the Gambia, India, Indonesia, Kenya, Lesotho, Malawi, Nepal, Pakistan, Sierra Leone, Sri Lanka, Sudan, Tanzania and Western Samoa—had aid repayments outstanding, but would now be eligible to receive aid from Britain on grant terms.

The cost of the write-off would be entirely met from within the increasing aid programme. Detailed arrangements would be discussed with each of the 17 governments. In the case of India, local cost aid would be offered instead of the retrospective terms adjustment.

Mrs. Hart stressed that the adjustment facility would not be extended to governments which would otherwise have qualified but which were regarded by Britain as having seriously violated human rights.

Mr. Luce described the per capita income criteria as a crude method of judging a country's economic potential. "A country by country review, based on each nation's ability to repay, would have been a more sensible way of tackling the problem.

Dole queue poster complaint

By Philip Rawstorne

THE Labour Party yesterday complained to the British Code of Advertising Practices Committee about a "dole queue" poster with which the Conservative Party has launched a £2m political advertising campaign.

The committee was also asked to consider the Conservative Party Political broadcasts produced by the same advertising company, Saatchi and Saatchi.

In a letter to the committee, Mr. Reg Underhill, Labour's acting general secretary, said that the poster "purports to show an extremely long dole queue."

He added: "We understand that this consists entirely of employees of Saatchi and Saatchi, each of whom appears on the poster five times, and does not represent a real queue of unemployed persons."

Mr. Underhill told the committee: "We have already protested twice on the subject of party political broadcasts. Although these are not in commercial slots, we would suggest that your committee might look at them.

"They are produced entirely by the advertising agency and the practices involved are undoubtedly advertising practices.

"Members of the staff of this agency and actors have posed as ordinary citizens and a photograph of the Prime Minister has been used with the voice of an actor or account executive reading words which were never spoken by Mr. Callaghan.

"It is our belief that broadcasts of this nature bring the advertising profession into contempt. Quite certainly, they mislead and/or deceive those who read of listen to them."

Labour's Campaign Committee, which has £190,000 available for a counter-propaganda campaign over the next few months, is to meet tomorrow to consider the result of its appeal to the trade unions for further election funds.

Royal assent to devolution

THE Scotland and Wales Bills which will set up assemblies in Edinburgh and Cardiff if 40 per cent of each electorate vote "yes" in a referendum, received Royal Assent in the Lords yesterday.

Among other Bills to become law were: Independent Broadcasting Authority; Employment (Continental Shelf); Homes Insulation; Community Service by Offenders (Scotland); Inner Urban Areas and Chronically Sick and Disabled Persons (Northern Ireland).

Sun pay talks break down over lack of productivity offer

BY CHRISTIAN TYLER, LABOUR EDITOR

TALKS ON the pay dispute that has stopped publication of the Sun newspaper for eight days broke down last night.

Representatives of the management and of the 220 journalists sacked last week for going on strike spent nine hours with the Advisory, Conciliation and Arbitration Service. No settlement was reached, no further meeting with ACAS arranged, and the chances of the newspaper appearing this week look slender.

The conciliation efforts broke down when representatives of the National Union of Journalists insisted that the strike could not be called off until the management had offered cash in recognition of higher productivity.

The management said it could not offer cash until the journalists had returned to work and entered into negotiation on a range of issues.

The journalists are claiming a productivity payment of 12½ per cent on top of a 10 per cent Phase Three pay rise—an average rise of about £2,000.

The dispute is complicated by the fact that the Prices Commission is to decide today whether to approve a 1p price increase for the Sun, which has a circulation of about 4m.

The company says that if it agreed to a productivity deal that broke the Government's guidelines, the price rise could be in jeopardy and that even if the price rise was approved, the newspaper faced the possibility of losing Government advertising.

Two concessions are believed to have been made by the journalists yesterday. The chapel (office branch) agreed that if the management made a cash offer, it would drop its claims for a productivity agreement based on either increased circulation or staffing levels as these would not be accepted by the Department of Employment.

The chapel decision came during a two-hour adjournment of the ACAS talks.

The management then offered to look at several subjects, including working practices and the possibility of "new work," that it said would pass muster with the promise that a deal would be reached within seven days. At this point, the talks broke down.

The Sun dispute is emerging as a major test of the Government's criteria for exempting productivity deals from the guidelines.

Civil servants' pay talks to resume

BY PHILIP BASSETT, LABOUR STAFF

TALKS ON the pay dispute involving 183,000 industrial civil servants will be resumed today as support mounts for tomorrow's one-day national strike by the Government workers in support of their claim.

Discussions on the pay claim, which is bound by the Phase Three guidelines, broke down almost a month ago after union representatives rejected the Government's second pay offer.

Today's talks are the result of an initiative from 11 general secretaries of the unions involved in the pay claim.

Negotiators from the unions' joint co-ordinating committee hope for movement from the Civil Service Department on the 10 per cent offer and on a comparability formula worked out last week in talks between the union general secretaries and senior Ministers, including Mr. Denis Healey, Chancellor, and Lord Peart, Lord Privy Seal.

The formula committed the Government to not interpreting the 10 per cent pay policy more rigidly for Government industrial workers than for other comparable groups, and for undertaking pay comparisons with industrial workers in the private sector.

A commitment on pay comparisons, as well as "substantial" pay increases and consolidation of supplements from Phases One and Two was a major part of the industrial civil servants' pay claim when it was tabled in March.

Industrial civil servants are preparing for tomorrow's one-day strike of civilian defence workers called last week by shop stewards.

The token stoppage was originally planned only for Ministry of Defence workers but the 25 per cent of industrial civil servants working elsewhere are now expected to take part.

A mass meeting of dockyard workers on Clydeside, where work on the Polaris submarine Revenge was blacked until the Government ordered the Navy to free it, voted unanimously yesterday to join the one-day strike. Revenge sailed on Saturday.

The 2,600 Clydeside workers are expected to be joined by, among others, 2,000 workers from Rosyth dockyard, where two further nuclear submarines are still blacked, 6,000 workers from Devonport dockyard, 2,000 from the Aldermaston nuclear base, 2,200 from the Royal Ordnance Factory at Bishopstown, 150 from Glasgow Department of Employment and 300 from the National Physics Laboratory in London.

One major exception, though, is expected to be at Chatham dockyard, where workers have already held one-day stoppages in support of the claim, and feel now, in line with a statement last week from the Transport and General Workers' Union, that other forms of industrial action would be more suitable.

Merchant navy officers' claim 'ignores reality'

BY NICK GARNETT, LABOUR STAFF

MERCHANT NAVY officers, who last year threatened to halt British shipping in a dispute over salaries, yesterday submitted a 14 per cent pay claim.

The employers said they were "astonished and dismayed" that the officers' unions had ignored the bleak reality of the present shipping recession.

Mr. Graham Turnbull, leader of the General Council of British Shipping's negotiating team, repeated a statement earlier this month that the employers' offer would be dictated by the industry's ability to pay. "The outlook here is very bleak," he warned.

The claim was made by the Merchant Navy and Airline Officers' Association, the Amalgamated Union of Engineering Workers, the Mercantile Service Association and the Radio and Electronic Officers' Union, which together represent the 43,000 officers.

The claim involves a 14 per cent rise from November, partly to take into account increases in the retail price index and the rise in average industrial earnings under Phase Three.

The unions also want further discussions leading to "constructive arrangements" involving a day off for every day worked.

At present, officers receive a day off for every two worked.

They are also seeking a joint committee to improve redundancy and medical severance terms.

Mr. Turnbull said yesterday that world shipping was facing its worst crisis for nearly 50 years.

"Against such a background, our reply to the claim will be dictated by the industry's ability to pay and by our members' ability to operate ships profitably.

"Further, and very important, any settlement which we conclude must not break the government pay policy."

Funeral men backed

BY OUR LABOUR STAFF

SIX FUNERAL WORKERS, who were expelled from their union and initially from their jobs for breaking a gratuities agreement, were recommended yesterday for reinstatement in the union by the Independent Review Committee. The company was urged to consider re-engaging them.

The six men were all members of the National Union of Funeral Service Operatives and worked under a closed shop agreement for the Colchester and east Essex Co-operative Society. In March last year a formal agreement was set up between the society and the union to administer a gratuities pool.

The funeral workers told the committee's inquiry into the case that last November they had decided to withhold money from the fund in order to bring pressure to bear for a general inquiry into complaints about the operation of the society's funeral department, including closed-shop problems. The money involved was not more than £10 a man.

ICI offers a revised wages structure

BY NICK GARNETT, LABOUR STAFF

IMPERIAL CHEMICAL Industries yesterday made proposals to restructure the national pay agreement for weekly paid staff, in an attempt to solve the company's chronic shortage of instrument artificers which has severely affected the company's Teesside operations.

The unions have been refusing to co-operate in training artificers at the company's Wilton site, partly because of the erosion of pay differentials between different grades of workers within the company.

Yesterday's offer was made at a sub-committee meeting of ICI's national union-management negotiating structure.

Mr. John Miller, the Transport and General Workers' Union national secretary for chemicals, said the proposals, which were "fairly firm" would be discussed with local officials and shop stewards at all the company's sites. If the reaction was favourable, full national talks on the proposals would start.

The proposals would appear to include higher pay for artificers. Mr. Miller said that any wage restructuring would have to be done across the board for all grades covered by the agreement.

ICI said that yesterday's talks were exploratory and the proposals would be submitted to the Department of Employment if agreement could be reached with the unions on restructuring.

ICI has so far shut one of its two ethylene crackers at Wilton, together with part of a plastics plant and a propylene plant. A fourth plant, a petroleum resin installation, is to close this week.

The commissioning of a new £20m ethylene oxide derivatives plants has also begn delayed.

Construction sites warning

DR. DICKSON MABON, Minister of State, Department of Energy, is to call a meeting of all construction industry national union officials to discuss industrial problems on Cleveland petrochemical construction sites.

Dr. Mabon has already said that unless the industrial troubles decrease oil companies and multinationals will refuse to invest in the region.

Hundreds of millions of pounds are being invested in Cleveland by ICI, British Steel, Monsanto, Phillips Petroleum and others.

All sites have been hit by a series of unofficial disputes and one site has had more than 250 unofficial stoppages in three years.

The latest dispute is at the £40m protein plant being built for ICI at Billingham. About 120 men walked out five weeks ago in support of a claim for additional bonuses. They have ignored union instructions to return to work.

One-day strike by gas men

WORKERS CONTROLLING the flow of natural gas into the national grid struck for 24 hours yesterday, but British Gas said that there had been no reductions in pressure and "everything is normal."

The strike by members of the NALGO British Gas Operations branch was in protest against delay in reaching an agreement on trade union facilities.

Technicians may seek special increases

By Our Labour Editor

SPECIAL WAGE awards for two groups of white-collar workers are likely to be demanded during Phase Four of the Government's incomes policy that starts today.

The Association of Scientific, Technical and Managerial Staffs is expected to argue that its 15,000 university technicians and non-academic staff should be given the same special treatment as university lecturers.

A similar case will be made out for its 15,000 hospital technicians in the wake of big increases for doctors and dentists.

Advantage

ASTMS is hoping to take advantage of that part of the White Paper "Winning the battle against inflation" which says that after exceptional increases for firemen, police, the Armed Forces, university teachers and people on top salaries, "it may be that there is a small number of groups in a similar position for whom similar treatment might be appropriate."

Applications would be examined "very critically."

In a circular to officers and branches published yesterday, Mr. Clive Jenkins, the general secretary, says: "We shall be looking at this provision very closely to see whether progress can be made on behalf of our members in the public sector."

He also urges negotiators in the private sector to keep quiet about their deals.

Further 900 jobs may be lost at Alfred Herbert

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ALFRED HERBERT, a state-owned machine tool company, has warned shop stewards that a further 900 jobs might be lost at its Edgwick plant in Coventry unless negotiations proceed smoothly and quickly on the 720 redundancies already announced.

"That is the brutal alternative we have been given," Mr. Ron Doughty, the Amalgamated Union of Engineering Workers' convenor, said last night.

The company had made it clear to the stewards that losses being suffered at Edgwick were so great that without the early redundancies manufacturing there might have to stop altogether.

The trade unions appreciated how serious the position was, but they were not prepared to accept the principle of compulsory redundancy.

"We are still determined to take whatever action is necessary to bring about a socially acceptable solution," Mr. Doughty said.

The problem the unions face is that any militant action, such as picketing the Edgwick site, will add to the losses and endanger jobs.

In their campaign against redundancies, shop stewards and union officials have met Sir Leslie Murphy, chairman of the National Enterprise Board, the company's main shareholder.

"Unfortunately, it appears that the board fully supports the company's proposals," Mr. Doughty said.

"If the redundancies are allowed to go through, the number of jobs lost since the State take-over less than three years ago will be more than 2,000. The only solution different managements over the last seven years have been able to offer is to cut jobs."

Mr. Doughty said that the unions had kept their side of the bargain, acted responsibly and cut disputes.

The unions are demanding redundancy payments of up to £10,000 for a man with 20 years' service—more than double that paid to 300 workers who volunteered to leave earlier this year.

The management, which has budgeted the total cost of redundancies at between £2m and £2.5m, is likely to say that the company simply cannot afford to depart from normal practice.

Even payments at that level would put a strain on the company's cash resources. Alfred Herbert has already spent the £10m cash injection given by the Government three months ago.

The company's problems have been caused by a poor sales performance in the first six months of the year, which has led to a costly build-up of stock and work in hand.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESSES FOR SALE

BUSINESSES WANTED

PLANT AND MACHINERY

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APPOINTMENTS

Senior changes at Bowater

Mr. A. E. Balloch, executive vice-president of Bowater Incorporated and a director of the Bowater Corporation, is to retire in March, 1980. He will relinquish his position as executive vice-president on April 1, 1979, but will remain a director of the Corporation, and a director and vice-president of Bowater Incorporated until his retirement.

It is intended that Mr. A. P. Gammie, at present chairman and managing director of Bowater United Kingdom, will move to the U.S. at the end of this year and will succeed Mr. Balloch as executive vice-president of Bowater Incorporated.

Dr. A. I. Lenton, chairman of Bowaters United Kingdom Paper Company, will replace Mr. Gammie as chairman of Bowater United Kingdom from December 1, 1978.

Dr. A. I. Lenton

★

Mr. Robin Harvie-Smith has been appointed managing director of HODGE LIFE, a subsidiary of the Standard Chartered Bank Group. Mr. Philip Lee, a director and general manager of Hodge Life, will continue to have special responsibility for broker service and sales.

★

Mr. Gordon S. Planner has been appointed chairman of the newly-formed Business Relations Group of the LONDON SYMPHONY ORCHESTRA. Mr. Planner, who is executive deputy chairman of the Sterling Group, has had a long association with the Orchestra. During 1977, when he was with Rank Xerox, he was responsible for sponsoring the Orchestra on its tour of Hungary, Yugoslavia and Czechoslovakia.

Mr. Gordon Planner

★

Sir David Nicolson has resigned from the Board of RICHARD COSTAIN because of pressure of other business commitments.

★

Mr. John Pitman has been appointed divisional personnel director of the meat division of Unigate succeeding Mr. Chris Ball, who has taken a new position as operations director of Bowyers.

★

Mr. R. C. Knollys is the new chairman of the BRITISH AEROSOL MANUFACTURERS ASSOCIATION and Mr. George Hodgson is vice-chairman.

★

Mr. John Debo, sales manager of NORFOLK CAPITAL HOTELS, has been apointed to the newly-created position of sales director. He was recently made a member of the Council of the London Tourist Board.

★

Mr. Peter White, sales manager of ALACRA, has been appointed Sales director.

★

Mr. F. M. B. Galler has resigned as an executive director of C.H. INDUSTRIALS to devote more time to his other business interests.

★

UNILEVER COMPUTER SERVICES has created a management executive to control the company's Data Services Division. The executive consists of Mr. Len Rawle as chairman, Mr. Ronald Bain, national marketing; Mr. Ray Tee, Unilever marketing; and Mr. Fred Moyden, computing division. In addition, Mr. Roger Tomlinson has become Data Services Development co-ordinator.

★

Mr. John Austin has joined SHAFT SPORTS as managing director.

★

Mr. Ivan Bruce has been appointed financial director of MECCANO, and Mr. Trevor Douce has become manufacturing services director.

★

Mr. T. Broadhurst and Mr. R. C. Weston have been appointed brokers.

★

Mr. D. P. Johnson, Mr. B. J. Sherley-Dale, Mr. A. G. Moore, Mr. P. J. Bulman, Mr. R. G. Whitmore, Mr. D. N. Allison and Mr. W. J. Wreford, group senior executives of CORAL LEISURE GROUP, have been appointed associate directors.

★

Mr. C. A. H. Monk has been appointed to the Board of HILL SAMUEL AND CO.

★

Mr. J. R. Henderson has been appointed chairman of BARCLAYS BANK TRUST COMPANY in succession to Mr. D. E. Wilde.

★

Mr. Michael J. Phillis has been appointed general manager, foreign exchange and money market department of LONDON AND CONTINENTAL BANKERS.

★

Mr. Roland Bertodo will be leaving the PERKINS ENGINES GROUP at the end of this month to join the Board of DEXION-COMINO INTERNATIONAL.

★

Mr. D. H. Andrews has been appointed a director of the PRINCIPALITY BUILDING SOCIETY. He is a director of E. Dingle and Son, a subsidiary of the House of Fraser, and holds directorships in various family companies.

★

Mr. P. J. Hoenmans has been appointed president of MOBIL EUROPE INC., based in London. He succeeds Mr. H. C. Lewinsky, who has been elected chairman of the Vorstand (Management Board) of Mobil Oil AG in Germany and a director of Mobil Oil in Austria and Mobil Oil, Switzerland. Mr. Hoenmans was previously general manager of Mobil Oil AG.

★

Mr. G. A. Early, general manager investment division of COMMERCIAL UNION ASSURANCE, will be retiring at the end of this year. From January 1, 1979, Mr. D. G. Beale, investment manager, will become investment manager (international). Mr. M. A. Evans will be responsible for all investments at present managed within the investment division in London while retaining his title of investment manager.

HOME CONTRACTS

ICL is awarded £5m computer orders

INTERNATIONAL COMPUTERS has won three contracts worth about £5m. The biggest, worth £3.1m, was awarded by the Paymaster General's Office for the installation of two large-scale computers—a 2970 and a 2976—at its computer centre in Crawley, Sussex. Racal Electronics has ordered a dual 2960 system worth £1.25m for its new computer centre in Bracknell, Berks. ICL has also received a £500,000 contract to supply eight System Ten computers to the Calor Group.

★

The contract for the construction of the Swallowfield bypass has been awarded to SIR ALFRED McALPINE AND SON (SOUTHERN) by Berkshire County Council. McAlpine's tender was £4,356,300. The scheme is scheduled to be completed by summer 1980.

★

Television studios relaying programmes to the entire Manchester region are part of a £2.6m contract awarded by the BBC to SHEPHERD CONSTRUCTION. The project is to carry out major construction work on the BBC's extension programme at its regional headquarters in Charles Street, Manchester. Work has just begun and is scheduled for completion in December next year.

★

A. E. SYMES CONSTRUCTION, a John Willmott Group company, has won two contracts together worth £1½m. At Baxter Avenue, Southend-on-Sea, they will build 96 flats for the Springboard Housing Association, and at Henriques Street, E.C.1, Symes has begun converting a four-storey building into 63 flats for the Samuel Lewis Housing Trust.

★

HONEYWELL has won an order from Cape Insulation for a Model 64/50 system worth almost £400,000. Cape has also ordered a Series 60 Level 6 minicomputer to handle data entry applications alongside the Level 64 system. The mini will use Honeywell's DEF (Data Entry Facility) software in a £50,000 configuration comprising a Model 6/43 processor with 160K bytes of memory, ten megabytes of disk storage, and ten visual display terminals.

★

HARRIS terminal display systems, worth a total of £162,000, are being installed to handle international division and systems development applications for the Midland Bank. The first phase of the installation, already completed, comprises a ten-screen Harris 8170 system at the Bank's computer operations division, Sheffield. Linked, under CMS, to an IBM 370/148 at its N.E. computer centre in Pudsey, the display terminals are used for interactive program development. In September, a further 44 Harris 8170 displays will be installed at the Bank's new international headquarters in Cannon Street, EC4.

★

DANKS OF NETHERTON has won a £100,000 contract for boilers for a £15m chlorine plant at BP Chemicals' Sandbach, Cheshire factory.

★

WARD AND SCUTT, Ashton-under-Lyne, has been awarded a contract worth about £116,000 by the Gas Council (Exploration) for the design, manufacture, erection and commissioning of packaged sub-stations for four well sites, part of the Wytch Farm oilfield development. The order includes not only the sub-station equipment but also the building and internal services.

★

Contracts worth about £4m have been announced for work on the £290m oil cracker being built near Pembroke for the Texaco and Gulf Oil companies. The main contractor, Snamprogetti, has awarded an order worth about £3m to SIR ROBERT McALPINE AND SONS for onsite foundations in the process areas, and a contract worth about £1m has been secured by GKN BIRWELCO for a waste water treatment plant.

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Management

EDITED BY CHRISTOPHER LORENZ

New figure in charge of statistics

JOHN BOREHAM this morning takes over as Permanent Secretary of one of the most respected departments in the whole of Whitehall and one of the most detached from daily party political influences. He succeeds Sir Claus Moser in the twin posts of director of the Central Statistical Office and head of the Government Statistical Service.

This means that he is ultimately responsible at the official level for the provision of a mass of statistical information to the Government and the public, advising Ministers both on the quality of the figures and the trends they show.

The essence of the operation is the maintenance of the integrity of the statistics to ensure that the figures are not interfered with or leaked for political or commercial advantage. Indeed, the Government decides and makes known well in advance exactly when the main economic statistics will be published, with the result that politicians, fit their election dates round, say, the trade figures or retail price index, rather than vice versa.

But this does not mean that the CSO's work is uncontroversial—far from it, considering the constant jibes which statisticians have to face over the reliability of their figures. In a number of cases the later revision of initial estimates has been as large as the original change. John Boreham and his staff are well aware of this problem, especially given the time constraint: the UK produces its main monthly economic indicators much more quickly than other countries.

Work has been under way to see why discrepancies occur, though there are no easy solutions. For example, there is often a large unspecified balancing item in the quarterly balance of payments figures which can be as big as the current or capital account balances. The problem is that the non-visible trade items, such as the City's financial transactions, are effectively estimated from other figures and a direct recording, as on visible items, would involve a disproportionate cost.

A related problem is that of fluctuations in the monthly series—for instance, the trade figures have swung sharply from month-to-month with export or import volume rising or falling by as much as 5 per cent. The statisticians are sceptical about whether the underlying figures change as much as this, but improvements in documentation are extremely expensive.

On this theme, John Boreham believes that closer relationships between Whitehall statisticians and business users might help to overcome some of the problems associated with discrepancies and revisions. One idea is to monitor how a transaction is recorded internally by a particular company and then to compare this with how it is reported in official figures to the CSO. This would be very much a laboratory kind of exercise.

The Government statisticians are conscious both of the requirements of business readers and of the need not to increase the burden of form-filling. The CSO is involved in the Whitehall-wide review ordered by the Prime Minister to reduce the amount of paper circulating. The aim is never to ask a company to produce information not needed for its operational purposes on the grounds that such facts would not be of interest anyway.

The CSO has been determined to serve the outside public as much as the rest of Whitehall. A feature of Sir Claus Moser's period has been the expansion in the range and quality of the Government's statistical publications, notably the introduction of Social Trends and the rejigging of Economic Trends. John Boreham, who is 53 and has been in Whitehall since 1950, has been closely associated with this work in his capacity as what he calls the chief describer of the CSO. A review of its publications is three-quarters complete and this may be followed by the redesign of some of the older ones such as the Monthly Digest and Annual Abstract.

A key constraint on both the publications and the work done internally by the CSO is numbers of staff. The tight limit on public spending has meant that the number of professional statisticians in the CSO has stopped growing, and there is little spare staff (or time) for new developments, although there is certainly no shortage of possible projects.

John Boreham would ideally like to see more work done on the relationships between individual income and household expenditure—for example, how many people with low incomes live in well-off households. Similarly, there is a vast area of uncertainty about the pattern of income during a lifecycle and about the joint distribution of wealth and income among the bottom 80 per cent of the population. These are not merely esoteric matters, solely of interest to the academic or politician, but they are also of crucial importance in deciding the right mix of social protection policies. In this way, the CSO is at the heart of advice on policy formation.

PETER RIDDELL

Why can't a woman be more like a manager?

BY JASON CRISP

Leonard Burt

Lorraine Paddison: "Are we saying that if a woman wants to be a manager she must be able to offer herself on the same basis as a man?"

AT THE end of the press conference at which the British Institute of Management unveiled its Managers Manifesto, one female journalist demanded to know why the BIM had omitted to declare its stance on the issue of women in management. Sir Derek Ezra and Roy Close, chairman and director general respectively, first looked slightly abashed — it had obviously not occurred to them that they might have included it—and then, in all innocence, they announced simply that there was no prejudice against women in management.

While it is questionable whether the matter should have been included in the manifesto, it is revealing that two such notables in the world of management could declare in good faith that the problem does not exist.

Those businessmen who also believe that women have as fair a chance as their male counterparts to climb the management ladder, might well question why there are hardly any women in management.

Some interesting evidence on the extent of the problem is emerging from Ashridge Management College. As part of a Training Services Division research project, Lorraine Paddison has been studying 10 sizeable organisations. The project is being conducted in two parts. The first, which is now complete, was a study to see why women were making little inroad into managerial positions.

The second, which makes the project somewhat different from most research studies, is more in line with a management consultant's role than an academic's. Within each of her 10 organisations Paddison and her team will be looking at ways in which the companies might overcome the inhibiting factors which are preventing women from succeeding in management.

Problems

The companies comprise a varied batch of differing sizes, although most are familiar names within their fields and, as Lorraine Paddison likes to emphasise, each has unique problems.

Among the organisations are a clearing bank (40,000 employees); a paper manufacturer (10,000); a fashion retailer (2,000); an electronic group (45,000); a television company (2,000); a photographic materials manufacturer (10,000); a district council (700); and a chemical company (700).

Although each company's problems may be unique, Paddison has determined some general trends and reasons as to why women do not succeed in management. These, she warns, are rather superficial—the real lessons will be learned from the detailed programmes within the companies — but for those managers (male) who deny that female managers have a harder time, her evidence may be revealing.

Her studies have shown three basic reasons why women have not succeeded in management. She calls them: structural: factors associated with women themselves; and company climate.

To illustrate how structural problems can affect women's movement up the management ranks, Paddison gives the clearing bank as an example. The bank's most common form of intake is school leavers with O and A levels, who enter the clerical grade. Anybody who hopes to have a career within the bank must take the Institute of Bankers' exams.

It is here that the first difference in treatment is detectable. It is "assumed" that the boys will study for the exams and they are very strongly encouraged to take them—whereas for women the reverse assumption is made.

In this bank—and no doubt other clearing banks—the vast majority of women remain within the clerical grades, usually as your friendly counter clerk. In the fullness of time they marry and leave the bank to have children and do not return again.

Out of this bank's 40,000 employees, there are 2,983 managers, of which 20 are women. Although more women are taking the Institute of Bankers exams, the majority still don't attempt them.

There is also the difference in attitude among the employees, that the men expect to get on—encouraged by the bank—while the women do not share these expectations and are not encouraged to think differently by the bank. Of course those women with great determination and drive — often greater than their male colleagues—will take the exams to reach, around the age of 25, supervisory grade.

In this grade bank employees have to be reasonably mobile, spending on average two years at each branch. This provides another problem. It is an age at which people are thinking of marriage, and a clash develops if the husband and wife have careers which look like taking them to different corners of the country.

By their mid-thirties career bankers may expect to be branch managers, but, of course are still expected to be mobile. Paddison notes that those women within the bank who have become managers are over 40 and single. Apparently they led traditional lives until they were about 30, when it was noticed that they were not married and it was suggested that they took up a career.

How to solve these types of structural problem is far from easy, as Lorraine Paddison is the first to recognise: "Are we saying that if a woman wants to be a manager she must be able to offer herself on the same basis as a man? Or is it reasonable to expect the bank to be more flexible for women?"

This is obviously a very important point. How much can a company reasonably be persuaded to do to provide women with a greater opportunity to succeed? The strongest argument—though it may not carry much weight with individual managements—is that they are wasting a rich seam of talent. But a factor more likely to influence the companies is outside social pressures.

The second main reason why Lorraine Paddison found that women were not succeeding was "women themselves." A major disadvantage that they have compared with men is—surprise, surprise — that of childbearing. A lot of women whom she interviewed saw themselves quite clearly as *either* having children *or* a management career.

Perhaps less obvious is that, according to her research, women have less confidence than men at any given age or with any qualification. Asked to describe their strengths and weaknesses within their jobs, women always began by describing their weaknesses, and were much more diffident about their strengths. Asked to assess their male colleagues, the women tended to adopt almost exactly the opposite approach, as did the men about themselves.

Diligence

Women as managers are generally seen by their companies to be very conscientious and their diligence is perceived as their great strength. But as Paddison points out, "One of the qualities for success in management is to be able to think broadly and to relate what you are doing to outside events." While men may not be as good at detail, their attitude does tend to be more strategic. This is interestingly demonstrated by the fact that women do not look at their careers in the strategic way that men often do.

On her third category, company climate, Paddison found that it varied widely—and was very dependent on the attitude of the senior managers. Although she was not so unkind as to say so, this is the "male chauvinism" factor. If the senior management believes a woman's place is in the home, it is clear there is going to be little encouragement for the aspiring female seeking to climb the management ladder.

Lorraine Paddison says that her survey showed that senior managers (male) generally preferred working with other men. A typical comment she might hear from them would be: "You can expect total commitment from a man."

She does, however, have an understanding for the man who —like many top managers—fought in the war, struggled to qualify afterwards, and battled his way up through a male career structure. She points out that it is rather inevitable that his views of women are fashioned by the only ones he knows—his secretary and his non-working wife. (Another interesting aspect thrown up in the research is that successful managers do not have career wives.)

The exceptions, and this is Paddison's personal view, are those men with daughters who are struggling to take up a career themselves.

As the companies involved were all keen to participate in the scheme they are presumably anxious to find out for themselves from an objective outsider, how women fare in management and if there are obstacles to progress, how they may be removed. That in itself may mean that these companies have a more positive attitude to the problems of women. How easily obstacles can be removed will not be seen until Lorraine Paddison completes the second phase of her work—which continues until 1980—and probably the effectiveness of any measures will not be assessable for some considerable time.

There remains the doubt as to how many women do want to go into management. Paddison replies: "I don't think there are large numbers of women bursting at the gates but there are a number of women with potential and talent from whom companies could benefit. And they don't at the moment."

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Reclaimed swarf to offer big savings

MILD STEEL machining swarf can be used to produce solid components, according to a method which has been studied by PERA, and the end-products made out of the appropriately treated material show mechanical properties comparable with those of original metal produced by conventional operations.

Preliminary estimates indicate that the method studied could lead to a commercial process in which material cost savings would be in the order of £100 per ton, and while this short cut to the re-use of swarf will not cause much joy to steelmakers, the potential energy savings are well worth considering, apart from material savings.

Reclamation of swarf by methods other than melting is not a new process, but in general, previous approaches have involved compacting followed by sintering and further consolidation by forging or extrusion.

But the great problem with the various versions of this approach has been satisfactorily to compact the swarf in its bushy state. Material thus compacted has tended to have inferior mechanical properties and finished products made from it have displayed poor surface finish, whether they have been forged or extruded.

PERA's method involves an initial comminution of the swarf into a clean and virtually oil-free powder which is then compacted into billets. After sintering, the billets are reheated and then extruded or forged to give components of good mechanical properties and densities as high as 99.6 per cent of the original material.

Examination of the surfaces of some of the forgings revealed that powder particles had been used. But this did not cause surface breakdown and a sound surface was maintained during cutting.

Agreement has been reached for an extension of the study to making specific components from swarf, with extensive testing, and six major engineering concerns will take part, with support from the DoI through the appropriate Requirements Board.

PERA, R and D Division, Melton Mowbray, Leicestershire LE13 0PB. 0664 4133.

● WELDING

Makes a tiny joint

DEVELOPED SPECIFICALLY for the micro-welding needs of the electronics industry, the PWH 20 precision welding head competes directly with the Hughes VTA 60 imported from the U.S.

Able to deliver a weld energy of 150 watt seconds at 1 per cent duty cycle (limited only by electrode temperature), the weld head is mounted on a vertical cylindrical pillar and the limiting distance for the work piece is 120 mm from electrode to the pillar, although this can be increased to 168 mm with optional extension arms.

The side-to-side distance occupied by the welder is only 40 mm so that compact multiple installations are possible. The body housing the electrical unit and top electrode can be rotated through 360 degrees with respect to the base.

Maximum electrode stroke is 25 mm, adjustable down to 10 mm, while the electrode force can be varied from 14 grams to 9 kg. The mass of the moving parts is low, giving fast electrode follow-up, and the electrode moves in a straight line. The vertical work opening is 57 mm.

More from the maker, Hirst Holden and Hunt, Chapel Road, Tuckingmill, Camborne, Cornwall (0209 716101).

● PROCESSES

Print rollers made fast

DEVELOPED by Coherent (UK), the Cambridge laser company, in conjunction with electronic specialist ZED Instruments, of Twickenham, is a machine that can produce rubber rollers for flexographic printing at about ten times the speed of conventional methods.

The machine, known as the Zedco Laser Engraver, is designed for trade or in-house engraving of the kinds of rollers and plates used in the wallpaper, packaging and textile industries. Improved printing resolution, apart from high speed, is claimed for the equipment.

Instead of the conventional photographic technique employing a zinc master and bakelite negative to get to the rubber stage, the machine cuts the rubber directly with a laser beam.

In fact, two lasers are used. A helium neon unit acts as a scanning source to read the original artwork as it rotates on a "read" roller. The photocell-derived image density data is then processed electronically to produce a scaling effect so that when the image is reproduced by the bigger carbon dioxide laser on the second, "write" roller, it occupies the full 360 degrees with no seam.

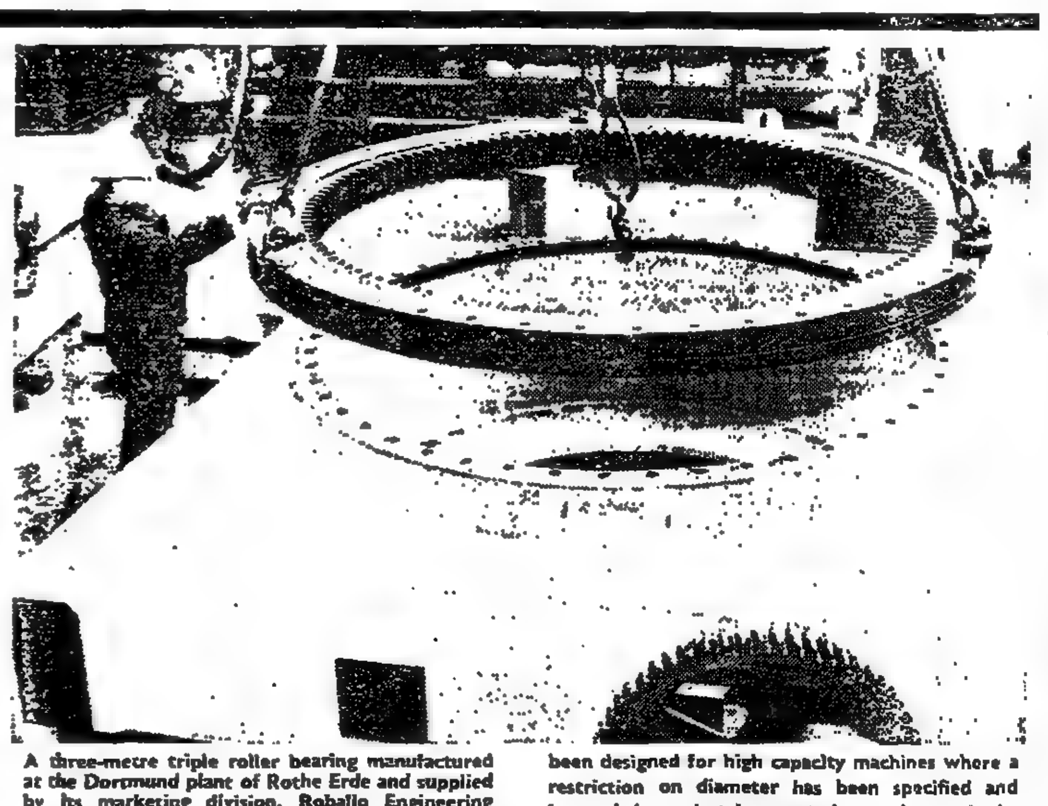
An advantage is that because the image data is stored, it can be "played back" on to the engraving laser at any time, or can be used to give repeat operation.

The machine has two adjustable engraving depths, one giving a deep cut where pure white images are needed.

According to the company, Zedco can reduce the cost of producing rollers by over 60 per cent in comparison with the conventional photographic/zinc master process.

Time to make a 1.3-metre-long rubber roller is three hours whereas for the conventional process it can be up to 24 hours.

More from Coherent (UK), 13, The Mall, Bar Hill, Cambridge (0954 81195).



A three-metre triple roller bearing manufactured at the Dortmund plant of Rothe Erde and supplied by its marketing division, Roballo Engineering Company, being fitted to a Rapier-NCK Olympus HC 150 crawler crane at Ransomes and Rapier's Ipswich plant. This type of roller bearing has been designed for high capacity machines where a restriction on diameter has been specified and is used in pedestal mounted, crawler and the larger mobile cranes. It is also used on swing bridges and excavators.

● PACKAGING

Reduces cost of labels

BOUGHT-IN printed labels cost five times more than blank stock, and the relative cost can be even higher for small orders, says Riptec, 60 High Street, Kings Langley, Herts (Kings Langley 62462).

As a counter-measure the company offers the IDENT 90, a machine for the production of over-printed and plain self-adhesive labels up to 215 mm by 90 mm. The machine is also capable of producing printed tape as is used in the packaging industry.

The only significant additional cost of running the machine, claims the company, apart from initial tooling costs, is that of the labour involved, adding that the capital outlay of the machine can be recovered very quickly.

Infinitely variable speed control of the material up to 35 metres a minute is provided by a thyristor-controlled ½ hp electric motor which, together with the gearing and transmission, is enclosed in a cabinet forming the base of the machine.

Providing a quick-drying service and free from smell, the rotary flexographic desk-top unit is designed to incorporate high quality rubber blocks to customers' specifications.

● AGRICULTURE

Less risk of crop loss

SAID DRASTICALLY to reduce agricultural and horticultural crop losses by completely decontaminating seedlings without damaging them in any way, is a fumigation chamber from GEEA, 14, Station Road, Ainsdale, Southport, Lancashire PR8 3HS (Southport 76974).

The chamber has a gas metering device, can be built to almost any size, says the company, and is effective with any type of seedling. It is constructed mainly of steel, fully welded and epoxy lined.

Seedlings, etc., are simply spread out on trays and then loaded into the chamber. The purification process, which involves the use of a specially formulated fumigant, varies in length from one to six hours, depending on the type of seedling or contamination. At the end of the process, the seedlings can be planted immediately in the normal way.

The company has just built a fumigation chamber with a capacity of 120 cubic feet for the Malaysian Department of Agriculture for use in treating palm seedlings at its plantation in Kota Kinabalu, following recent heavy crop losses.

The chamber is also suggested for use at ports and airports to fumigate infected imported plants, vegetables and personal effects.

● COMPUTING

Choice of dot pattern

OFFERED BY Electrographic Audio Visual is a dot matrix impact printer made by Shinshu Seiki in Japan in which options of 5 by 7, 7 by 7 and 9 by 7 formats are available.

Three basic models are being marketed, the 512 for standard tally roll work, the 522 for split tally roll, and the 542 flat bed document printer.

The units operate from DC supplies (the head needs 30 to 42 V and the motor 24 V) and will print 40 columns of characters at three lines per second. The character size is 2.7 mm high by 1.8 mm wide.

The print head life expectancy is stated by the company to be 100 m characters.

More from Printinghouse Lane, Hayes, Middlesex (01-573 1826).

Minis at Fine Fare

AT A cost in the region of £800,000, Fine Fare is to instal a number of DEC machines at its Hertfordshire headquarters, and at six of the main food distribution depots. On-line terminals at three "Shoppers Paradise" depots will also link into the main network.

The headquarters installation will include a PDP-11/70 with a 200 megabyte disc store, two tape drives, two printers and 12 visual display units. Each of the food depots will have PDP-11/34s.

Data communications will be over 9600 bits/sec leased lines linking the depot computers to the main machine at headquarters. Completion is expected to take two years and the development work will be undertaken in-house.

Ultimately some 70 display units will be involved and expansion plans are likely to include the linking of point-of-sale terminals into the network.

Digital Equipment Company is at King's Road, Reading, Berks (0734 583555).

● INSTRUMENTS

Environment controllers

ELECTRONIC controller and indicator units in a new range from Honeywell called Micronik 100 can be used to solve many kinds of control problems involving temperature and humidity.

The controller, like all the modules, is housed to DIN standards and has an input section which accepts signals from the appropriate sensor, compares the input value with the desired value set on the control knob, and converts the difference into a deviation signal for the output section of the unit.

This in turn produces a signal, electric or pneumatic, that can control a variety of output devices such as motors and contactors. Each Micronik 100 control panel is able to operate up to six output devices in parallel.

Suitable for panel, 19-inch rack or wall mounting, the units are easily installed using a detachable terminal block which can be connected and checked before the module is plugged in.

More from Charles Square, Bracknell, Berkshire RG12 1EB (0344 24555).

Transmits via strain gauge

PRESSURE, liquid level and flow can be transmitted for process control processes by a new line of 4 to 20 mA instruments that make use of a strain gauge system.

Made in the U.K. by Taylor Instrument of Stevenage, the 3300 series employs a single common secondary element with the gauge arrangement and a full line of primary sensors which are mechanically connected to the secondary by a thrust shaft.

The resultant effect on the resistance strain gauge unit varies the 4 to 20 mA current and the accuracy is plus or minus 0.25 per cent (including linearity, hysteresis and repeatability). The unit is fully temperature compensated and is virtually unaffected by normal process vibration.

All the electronics are double-coated for moisture protection and special attention to the enclosure and the provision of filtering prevents radio frequency interference in the 450 MHz band.

A wide selection of measuring spans, easy adjustment and simplified wiring are additional advantages.

More from Gunnels Wood Road, Stevenage, Herts (0438 2366).

● MATERIALS

Roof tiles from New Zealand

THE LIGHTWEIGHT tile roofing system, Decramastic, introduced to this country by AHI Roofing (UK) (part of the Alex Harvey Industries of New Zealand) has been adopted by the London Borough of Newham for renovating 88 properties in the borough.

Based on the character of traditional tiles but incorporating radically different features, the roof has the shadow lines of a tile shape, the textured surface of stone chip and the strength of profiled steel.

The tiles measure 1330 mm by 370 mm, with seven tile impressions in a horizontal row, and are manufactured from 0.45 mm thick zinc-coated galvanised steel. The weather face is coated with bituminous emulsion and surfaced with natural stone chips, accurately graded for size in a choice of five fade-resistant colours.

This type of roof is said to be virtually maintenance-free and weighs only one sixth of a conventional clay tile roof.

More from the company at 4 Park Terrace, Worcester Park, Surrey KT4 7JZ (01-330 2857).

LOMBARD

Cocktails and currencies

BY MICHAEL BLANDEN

AS WORK begins on the European Community proposals for closer currency links, the effects of the plan could begin to spill over outside the circle of officials and ministers directly concerned with working out the details. Behind the scenes, the enthusiasts for the plans tabled at Bremen, particularly in France and Germany, may well try to promote the idea in other directions.

Bankers in London are quite expecting that, through the Brussels Commission, they may come under pressure to bring the planned new European currency unit into use in commercial activities. This would make obvious sense to those proponents of the scheme who see it as the first step in a long-term movement towards closer integration within the EEC and the eventual establishment of a common currency.

Essential

For these purposes, it will be essential that the new unit, whatever form it eventually takes, should become more than merely a unit of account used in transfers of resources between the member central banks. There are already a number of yardsticks which could be used for such hook transactions, including the International Monetary Fund's own currency basket, the special drawing right.

Adoption of the new unit as a measure of value, perhaps initially in deals among private sector bankers and ultimately in trade and commercial transactions, would represent a vital step towards its wider acceptance. Experience with the considerable variety of currency cocktails already known and used, however, suggests that such a move will present problems which may not have been thoroughly examined.

The Finance Ministers of the EEC appeared at their latest meeting to be finding it difficult enough to arrive at a consensus view on how the new unit should be measured. The reports indicated that a majority appeared to favour a system similar to the existing European unit of account, which is defined against a basket of currencies. But Germany expressed a preference for relating the European unit to other currencies on the pattern of the present European snake arrangements.

The international financial markets are by no means unfamiliar with the concepts of a currency basket. The European unit of account has been around for a long time and has been fairly widely used in the Eurobond market. Quite recently after a gap of some months, the use of this particular cocktail has been revived with several issues for Scandinavian borrowers denominated in units of account.

It is normally used, however, only at times when the U.S. dollar is under heavy pressure. In most circumstances, the dollar remains the main currency for international loans. When it is falling heavily, there are attractions for the potential lenders in *a basket which offers some protection* against the vagaries of individual currencies. Somewhat the same argument can be made in favour of adopting a currency cocktail in commerial transactions.

Wide fluctuations in currency values make life difficult for exporters and for everybody concerned in international trade. There are limits, moreover, to the cover which can be obtained through the forward exchange markets, particularly in relation to the minor currencies.

Barclays Bank International did quite a lot of work four or five years ago in an attempt to introduce the basket concept into commercial transactions. The bank worked out its own cocktail, a much simpler model than others, using only five leading currencies and taking a simple average rather than bothering with the complexities of weighting. It was also adaptable to the needs of particular trading partners. The movements turned out not too different from those of more sophisticated cocktails. Yet the idea has not caught on widely.

Solutions

Barclays managed to find solutions to the various legal problems raised by adapting the regulations covering international trade to the use of a composite currency as the measure of the value of contracts. The idea has been used to a limited extent and the bank suspects that the response to its initiative may have been wider than was evident from its own experience as other banks took up the idea.

Though the proposal attracted a substantial number of inquiries from commercial and industrial companies, however, the impact has so far been modest. One difficulty is that until the European currency unit or another variant becomes a genuine medium of payment in its own right, any contracts have in the end to be settled in one or other of the constituent currencies.

The greatest problem, though, is to familiarise industrial and commercial companies with the idea of using a currency cocktail in their international trade. To decree a joint European currency unit is only the first step towards achieving its widespread adoption as a measure of value.

Matching the cheese and the drink

WINE

EDMUND PENNING-ROWSELL

AN OBSERVER in a French restaurant that has a good wine list will note that more often than not the patrons will choose from the cheese board strong or over-*ripe examples; with the result* that the wine, nearly always inordinately expensive in such restaurants, will be massacred. The surest means to this end is all but a few of the goat cheeses, so beloved of the French. "Tasty" they certainly are, but they coat the palate well-nigh as effectively as curry.

In wine-drinking circles here—and, be it said, in France too—it is generally accepted that in a formal meal a glass of red wine be kept for the cheese. Better still, a bottle, and if more than one red wine be served then the best and probably the oldest. This should be served, in the French manner, before the sweet, since it is clearly difficult to taste a dry wine afterwards. The reason for serving wine and cheese together is because they pair admirably. The cheese flatters the wine; hence the old wine trade saying "buy on an apple, sell on cheese."

However this marriage of cheese and wine has been recently severely criticised in an article in the *Revue du Vin de France*, the semi-official periodical devoted to promoting French wines. The author is none other than M. André Vedel, the inspector-general of the Institut National des Appellation d'Origine des Vins (INAO), and an authority likely to command almost as much respect for his *obiter dicta* on what suits a wine as to his institute's *ex cathedra* pronouncements on its authenticity. Yet he writes:

"There is a stubborn popular legend, and this despite the fact that everyone can verify its falseness for himself, which is that cheeses improve the presentation of wine."

Nor in these columns is he alone in this view. For in the previous issue a regular contributor stated that he was delighted once again to "explode a prevailing theory" and continued: "No: the matching of a wine and a cheese is not a sacrosanct alliance. No: wine and cheese do not form an ideal couple. . . . What is true, on the other hand, is that cheese helps you to down a bad wine. When the papillae have been at one and the same time traumatised by the vigour of the smell and lined with fat, it is no longer possible to differentiate a *grand cru* from a "grape brew."

He then proposes Roquefort with Sauternes, and for strong "aggressive" cheeses goes as far as suggesting gin, cider, beer, vodka and Bourbon. One is only surprised that he has not put forward marc or grappa, those instant anaesthetisers of the palate.

The Inspector-General is more analytical. He goes on to divide cheeses into three types. First, the very creamy type. "Above a certain percentage of butter fat which appears to be of the order of 50 per cent, cheeses diminish considerably the qualities of red wines. . . . Certain goat cheeses have a very similar behaviour." Certainly we can accept this. Secondly there are "the blues," which have "a special, at times very strong taste, which require a partner to "up it." A good Roquefort, for instance, can be recognised by the fact that no red wine can stand up to it." Agreed! He suggests a very sweet wine or the Jura Chateau-Chalon or sherry. Then there is the third category in which cheeses with a strong taste as well as a strong odour, notaby Camembert, are harmful to certain red wines. For these he proposes "an exuberant youth of fragrance, as in the Beaujolais, or solid foundations of body and tannin, as in the Médoc or Nuits-St-Georges."

M. Vedel's article was originally a lecture, and he went on to describe a tasting of eight wines, from Alsace to Sauternes and the cheese which either suited or spoilt them. He found an Alsace Riesling '71 only "slightly diminished" by a Roquefort, which suited a Sauternes, Ch. Gilette '70. A Côte-de-Brouilly '7? and a Chassagne-Montrachet '73 went with a Camembert, while a Ch. Tourteran '70, Haut-Médoc and a Côte de Luberon '75 admirably accompanied a Reblochon. A Comté generally failed on account of its high butter-fat, and a similarly rich Délice de St-Cyr managed to get on terms only with a very sweet Maury Mas Amiel '68.

I am not inclined to disagree generally with M. Vedel's findings, and I very much agree with him about Reblochon—one of the best French cheeses to accompany a red wine. My other favourite is the delicious hard, nutty Cantal—the nearest French cheese to our Cheddar—and would not dismiss its near-neighbour, St. Nectaire. The delicious Brie and, rather less likely, Camembert and Pont l'Evêque, can get by if they are slightly under- rather than over-ripe. If the latter they tend to acquire a metallic, sometimes ammoniac-taste that fills the mouth.

No doubt, many readers will already have seen the weakness in the Inspector-General's argument. He has only considered French cheeses. Not altogether surprisingly, for few Frenchmen have ever thought of any other, less it be the rubbery Gouda or Gruyere, a delicious cheese, but too sweet for red wine. Yet, by and large, the best cheeses to bring out the flavour of a red wine come from Britain. This is because, when in good condition, they are neither over-strong nor too fatty. Moreover their texture when slightly crumbly or at least firm—but never, never soapy as to be found plastic-packed and sweating in the grocery chains—is admirable for wine. Stilton, of course, is ruled out for table wines, though permissible for port. Nor will one of those insistent - flavoured Canadian Cheddars do.

It is not just a matter of mildness but of texture. A crumbly Caerphilly or Lancashire goes beautifully with claret, but so does Cheddar, especially a truckle Cheddar. A mild Wensleydale suits all red wine. Some may consider Cheshire a little strong, for it is slightly salty, but if in good condition it sets off a wine well; but not of course Blue Cheshire, open to the same objection as Stilton. Double Gloucester, Derby and Leicester are alternatives, although the last-named needs to be fresh, as it dries up rather quickly. Double Gloucester and Derby have to be chosen with extra care, as they can be rather strong, and then may match best a red burgundy or Rhône, though I do not think it profitable to go too deeply into the matter of cheese-and-wine marriages.

It does not seems to me that cheese contributes as much to the enjoyment of white wines as it does to red, for many of the former retain a certain residual sweetness. White burgundy pairs well enough with mild English cheeses, but they do not enhance it noticeably.

I would not be thought opposed to French cheeses, whose range and variety are unbeatable throughout the world. Some go admirably with fine wine, and most can fit in excellently with less fine, but they do not have to accommodate "bad wine," as the French journal's contributor suggests. No cheese, English or French, and especially the softer French varieties, should be put in the refrigerator. Nevertheless I do not waver in my view that good French wines taste best with fine English cheeses.

Three-year-olds are included in Fillies Premium Scheme

RACING

BY DOMINIC WIGAN

TWO AND three-year-old fillies will benefit from a £325,000 Fillies Premium Scheme announced yesterday by Sir Desmond Plummer, chairman of the Horserace Betting Levy Board.

The 1979 scheme will pay a 35 per cent premium to all British-bred and raised winners of two and three-year-old fillies' races worth £1,000 or more, *other than selling races of* claiming races.

The board's allocation to the scheme has increased from this year's total of £169,000 to £325,000 next year.

Sir Desmond said: "The board hope that the 92 per cent increase in the allocation to Fillies Premiums next year and the extension of the scheme to include three-year-olds will provide a continuing incentive to owners to buy British and thus give added confidence to the thoroughbred breeding industry.

"We hope to be building on the scheme's firm foundations in future years and work towards a 50 per cent premium."

Winning fillies which qualify for the premium payment will receive an additional 35 per cent of the guaranteed prize money for the race, except in the case of Pattern races, where the premium will be divided to give the winner 24.5 per cent, the second 7 per cent and the third 3.5 per cent.

All premiums will be divided between the owner (77.5 per cent), trainer (10 per cent), the jockey (7.5 per cent) and the stable (5 per cent).

Any *unexpended balance* at the end of the season will be distributed in accordance with the recommenadtions of the Wyatt Committee. As a first priority, two and three-year-old qualifying fillies placed in "open" Pattern races will benefit at a rate of up to 24.5 per cent for the winner, 7 per cent for the second and 3.5 per cent for the third.

As a second priority, premiums of up to 35 per cent will be paid to eligible two and three-year-old fillies winning other "open" races.

For the purpose of the scheme, no race will be regarded as having an advertised value of more than £20,000 and the percentage premiums will be calculated accordingly.

This afternoon at Ayr, where the feature event is the Heronslea Stakes with £6,000 in added prize money, the best bet could be Harry Wragg's Newmarket challenger Bravo in the Heads of Ayr Stakes.

Bravo, a strongly-made chestnut by Connaught out of the Mossborough winner Country Path, has run well to be placed in maiden events at Newbury and York this summer and he will be ideally suited by this stiff 13 furlongs.

AYR

3.45—Alber Run*
4.15—Bourgeois**
4.45—Bravo***

BRIGHTON

1.45—Rectitude
2.45—Deed I Do
3.15—Justin Thyme
4.15—Major Bee

WOLVERHAMPTON

6.40—Spekes Valley
7.10—Ladbrokes Leisure

TV/Radio

† Indicates programme in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.50 Paddington. 9.50 Jackanory. 10.10 Tarzan. †10.30 Belle and Sebastian. 10.55 Cricket: First Test—The Cornhill Insurance Test Series, England v. New Zealand. 1.30 pm Bod and the Cherry Tree. 1.45 News. 2.00 Interval. 2.10 Cricket: First Test—England v New Zealand. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 We are the Champions 1978. 5.10 The Story Behind the Story.

5.40 News
5.55 Nationwide (London and South East only)
6.20 Nationwide
6.55 Hobby Horse
7.20 Rockford Files
8.10 Who Pays the Ferryman?
9.00 News
9.25 Great Britons
10.25 Play for Today
11.40 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 6.55 Heddiw. 11.40 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55 Look East (Norwich); Look North (Leeds Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University
11.00 Play School
4.30 pm Cricket: First Test—England v. New Zealand
6.10 Open University
7.00 News on 2 Headlines
7.05 Dilemmas
7.30 News on 2
7.35 Best of Brass
8.10 Eight Pairs of Eyes
9.00 Sing Country
9.40 Nicholas Nickleby
10.35 A Taste of Ireland
11.00 Late News on 2
11.10 Cricket: First Test (highlights)
11.40 Closedown (reading)

LONDON

9.30 am A Place in History. 9.55 Plain Sailing. 10.20 The Undersea Adventures of Captain Nemo. 10.25 Meet the Men from Uncle. 11.50 Cartoon Time. 12.00 Issi Noho. 12.10 pm Rainbow. 12.30 Home-Made for the Home. 1.00 News plus FT index. 1.20 Platform. 1.30 Young Ramsely. 2.25 Romance. 3.20 Girl in a Broken Mirror. 4.20 Breakers. 4.45 You Can't Be Serious. 5.15 The Brady Bunch.

5.45 News
6.00 Take Six
6.35 Crossroads
7.00 Survival
7.30 Spearhead
8.30 What's on Next?
9.00 Charlie and Julie
10.00 News
10.30 Decision
11.45 Lou Grant
12.40 am Close: A painting by Turner accompanied by the music of Vaughan Williams

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Animated Classic. 11.05 Space 1999. 1.25 pm Anglia News. 1.30 Police Surgeon. 2.00 Houseparty. 5.15 Horses in our Blood. 6.00 About Anglia. 11.45 Music in Camera. 12.15 am Our Concern.

ATV

10.20 am Spiderman. †10.45 Will Hay—Master of Comedy: "Where There's a Will." 11.55 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 2.00 The Electric Theatre Show. 5.15 Gambit. 6.00 ATV Today. 11.45 Police Surgeon. 12.15 am Something Different.

BORDER

10.20 am Certain Women. 11.10 Cartoon. 11.15 Animated Classics—"Oliver and the Artful Dodger." †1.20 pm Border News. 1.30 Gambit. 2.00 Houseparty. 5.15 Those Wonderful TV Times. 6.00 Lookaround Tuesday. 11.45 The Odd Couple. 12.15 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Those Wonderful TV Times. 6.00 Channel News. 6.10 The Beachcombers. 10.28 Channel Late News. 11.45 What About the Workers. 12.15 am Visages de France.

GRAMPIAN

9.25 am First Thing. 10.20 Cash and Company. 11.05 Diary of Civilisations. 1.20 pm Grampian News Headlines. 5.15 Those Wonderful TV Times. 6.00 Grampian Today. 6.10 The Electric Theatre Show. 7.00 Bonn Or. 11.45 Reflections. 11.50 Grampian Late Night Headlines.

GRANADA

†10.20 am Tuesday Matinee: "Road Show," with Carol Landis. 11.45 Kathy's Quiz. 1.20 pm This Is Your Right. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Branded. 11.45 What About the Workers? 12.15 am A Little Night Music.

HTV

10.20 am Child Life in Other Lands. 10.40 Wild, Wild World of Animals. 11.15 The Mad Dog Gang Meets Rotten Fred and Ratsguts. 11.45 Flower Stories. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Gambit. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Search and Rescue. 7.00 Challenge of the Sexes. 11.45 The Outsiders.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Seren Wib. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.15 World in Action. 11.45-12.15 am The Cuckoo Waltz.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.00-6.30 Report West.

SCOTTISH

10.20 am Morning Mystery Movie: McMillan and Wife. 1.25 pm News Headlines. 1.25 Gambit. 1.55 The Electric Theatre Show—Barbra Streisand. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Survival. 7.00 Thingumyjig—Jack McLaughlin. 11.45 Late Call.

SOUTHERN

10.20 am "Fantastic Voyage." 1.20 pm Southern News. 1.30 Gambit. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.30 Survival. 7.00 Father, Dear Father. 11.45 Southern News Extra. 11.55 What About the Workers.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. †10.20 Morning Movie: "The Lady Vanishes," starring Margaret Lockwood. 1.20 pm North East News and Lookaround. 5.15 Tell Me Why. 6.00 Northern Life. 11.45 The Adventurer. 12.15 am Epilogue.

ULSTER

10.20 am Morning Movie: "Stanley and Livingstone," starring Spencer Tracy and Sir Cedric Hardwicke. 1.20 pm Lunchtime. 1.30 Gambit. 2.00 The Rolf Harris Show. 4.18 Ulster News Headlines. 5.15 Friends of Man. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.45 Taking Shape. 11.45 News at Bedtime.

WESTWARD

10.20 am Cartoontime. 10.35 Feature Film: "Tarzan's Greatest Adventure," starring Gordon Scott. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Those Wonderful TV Times. 6.00 *Westward Diary.* 10.28 Westward Late News. 11.45 What About the Workers. 12.15 am Faith for Life.

YORKSHIRE

10.20 am Power Without Glory. 11.10 Star Maidens. 11.35 England Their England. 1.20 pm Calendar News. 5.15 Those Wonderful TV Times. 6.00 Calendar (Emley Moor and Belmont editions). 11.45 . . . at the Embankment—traditional Irish music from Paul Brady.

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow from Skegness. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Bill Prince (S) including 5.45 Sports Desk. 6.45 Commonwealth Games Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On the Third Beat (S). 8.02 Gilbert and Sullivan at Large (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three in a Row. 10.30 The Steptoe Saga. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 8.55 Rural Rhymes. 9.00 News. 9.05 This Week's Composer: Boccherini (S). 9.40 Medtner and Mendelssohn piano recital (S). 10.15 BBC Singers (S). 10.55 Cricket: First Test, England v. New Zealand including 1.35 News. 1.40 The Arts Worldwide (as VHF 1.05 pm). 2.00 Lunchtime scoreboard. 6.30 Lifelines: Work and Training. 7.30 Proms 78, part 1: Vivaldi, Bach (S). 8.10 The Other Europeans. 8.30 Proms 78, part 2: Handel (S). 9.35 The Lovely Years by *Reiner Kunze.* 10.00 "Appalachian Spring by Copland (S). 10.40 Shura Cherkassky piano recital (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

VHF—6.00-7.00 am Open University. 7.00 With MW. 10.55 Mozart and Brahms chamber music concert (S). 11.55 Midday Prom, part 1: Beethoven (S). 1.00 pm News. 1.05 The Arts Worldwide. 1.25 Prom, part 2: Jones, Schumann (S). 2.15 Duo Concertant (S). 3.00 Songs by Schubert and Ravel (S). 3.45 Symphonies from the North (S). 4.35 Rameau (S). 5.15 Jazz Today (S). 5.45-7.30 Open University. 7.30 With MW.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today—Magazine including 7.00 and 8.00 *Today's News*, 7.30 and 8.30 News Headlines. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Straight Down the Line. 10.00 News. 10.05 Sing a Song of . . . Hills and Mountains (S). 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre (S). 11.35 Origins. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 News. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Questioning to the Prime Minister "live" from the House of Commons. 3.35 A La Carte. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather; programme news. 6.00 News. 6.30 Many a Slip. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Proms 78 (as Radio 3 (S). 9.00 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 *The News Quiz* (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 But Seriously, Though. . . . 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05-Close As Radio 2.

London Broadcasting

261m and 97.3 VHF

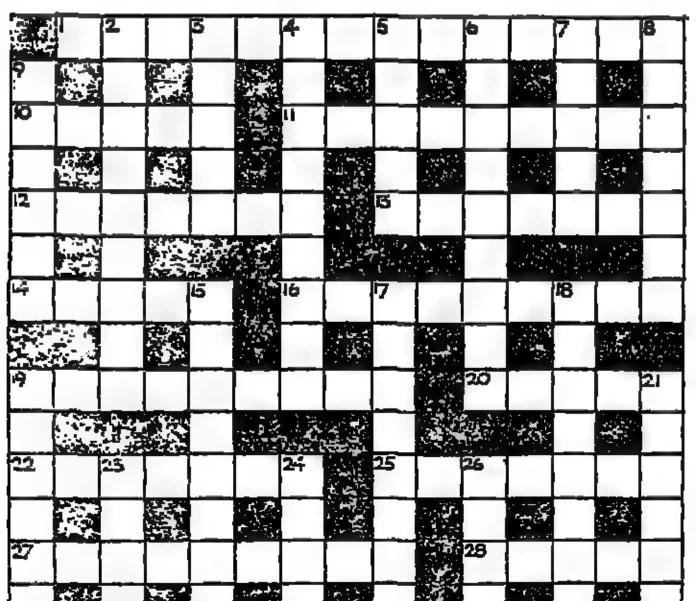
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 pm Peter Young (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,733



ACROSS

1 Metal left in bond going to Oriental female with fair hair (8, 6)
10 Animosity at score in card-game (5)
11 Leave unfinished in cable that may be split (9)
12 Take notice of this in Wales (4, 3)
13 The most vapid beer in two ways (7)
14 Superficially read page and be parsimonious (5)
16 Huge robin possibly living nearby (9)
19 Like stars with all lustre changed (9)
20 Ingenuous one in part of church (5)
22 Loyal person makes Irishman revel wildly (7)
25 Rock put in backwards in fireplace (7)
27 Oral diet I arranged for leader (9)
28 Astonish in a labyrinth (5)
29 Expect to steal on account of gift to editor (4, 3, 7)

DOWN

2 Strong drink on the rocks should be sweet (9)
3 Very small letter going to New York (5)
4 Part of Matins a novice follows at night (9)
5 Bumps into huntsmen going to the south (5)
6 Formidable priest at hand endlessly (9)
7 Illustrious or superior person to the French (5)
8 One who casts his lot for old German title (7)
9 Fruit making very soft drinks outside (6)
15 Drag one upper-class person and succeed (4, 2, 3)
17 I start rating soldier for being disorderly (9)
18 Begin to speak with one drink inside (9)
19 Wise, having panties redesigned (7)
21 Viewer allowed just a hole (6)
23 Moment's about right to deceive (5)
24 One who attempts to give direction in a row (5)
26 A win once more (5)

SOLUTION TO PUZZLE NO. 3,732

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ART GALLERIES

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Coliseum

The Magic Flute

by ANDREW PORTER

The English National Opera season opened on Friday with a happy revival of *The Magic Flute* — the 1975 production staged by Anthony Besch, designed by John Stoddart, and conducted now by Sir Charles Groves. Four of the principals were new, and good. Anthony Rolfe Johnson, the Tamino, was at once forthright and sensitive, fearless and delicate. So was Eilene Hannon, the Pamina—a soprano with beautifully clear, fresh tone and an admirable sense of line. Aage Haugland was a smooth and sonorous Sarastro—though his voice lost power in the lowest fourth of the range. Marianne Blok, the Queen of Night, sang her second area exactly (The high F in the first missed its mark.) Not only the arpeggios but also the difficult triplets were fully sounded. And, by giving character to the spoken dialogue, she made more of the Queen than a mere coloratura display role.

Niall Murray and Eilene Hannan

Richard Van Allan's Priest (or Spokesman) was also new, and it was eloquent. Niall Murray was an easy, unmannered, likeable young Papageno, and, more than many, he sang the music in full, firm lines. Edward Byles's Monostatos was keen, subtle, and unexaggerated. Marilyn Hill Smith made a pretty Papagena. The Three Ladies and the Three Boys were nice, except at a few ill-tuned moments. And Kenneth Cleveland's chorus was excellent.

It amounted to one of the best accounts of the opera London has seen since the war. Besch and Stoddart, as in their *Clemenza* for Covent Garden, have got the tone exactly right. Or, in this opera, the tones: solemnity and playfulness, sublimity and simple, happy jokes were precisely balanced. The spectacle is larger than that of Glyndebourne's much-praised (in my eyes, overpraised) new production, grander and less repetitive: rightly, for spectacle was one of Schikaneder's and Mozart's aims. Schinkel's famous Berlin scenery, of 1816, underlies Stoddart's designs yet this neo-classical Egypt is re-viewed through twentieth-century eyes. The result is not heavy but both attractive and impressive. Besch's production stresses naturalness; in the narrative and in the characterisations. Instead of underlining an allegory, he and his cast tell a story, and the deeper meanings emerge of themselves. Almost for the first time in my experience, the "dynamics" of the lighting plot, reflecting a progress from superstition to Enlightenment, are correctly achieved.

Covent Garden has billed a new *Zauberflöte* for next season, with producer and designer still unchosen. If it borrowed the Coliseum staging, it would have a worthy companion-piece to its *Clemenza*. Besch and Stoddart might take the chance, however, to rethink their Trial by Fire and Water. This scene is the only disappointment of the show. The set looks rather like a Casson-designed zoo cage. There are no *Schrekenspforten* to open and close, and Tamino's and Pamina's ordeal seems hardly worse than passing from the steam-room into the shower. Moreover, the Armed Men are not well stationed; Mozart surely had in mind figures like those, right and left, who guard the east face of the Pacher altar in S. Wolfgang. The flying machine could also be redesigned; the Tutankhamun badge has become too everyday and modish an image.

Groves's and the orchestra's contribution was excellently unobtrusive. There were moments when one wished for lighter, more lilting rhythms; on the whole it was satisfying to hear this account of the score where nothing was rushed, nothing was skimped, and nothing was over-pointed. The words were very clear. Michael Geliot's English translation of the "lyrics" needs retouching. Much of it is good; some of the rhymes are distractingly ingenious, and some of the lines flat and prosy. In the first finale, Sarastro sings "I need not curb this true emotion/But I *can't grant* your freedom yet." What's wrong with "But cannot grant . . ." at any rate the first time it comes? (At the low reprise, the inner jingle on *ah* vowels is probably helpful to the Bass.)

Aldwych

The Women-Pirates

by B. A. YOUNG

The pirates, whose names are included in the title if you have the patience—and patience is a quality you need a packet of at this play—are Ann Bonney and Mary Read. They are not pirates in the first act of Steve Gooch's ill-knit script. Ann is the illegitimate daughter of an Irishman who becomes a planter in Charleston. She passes her time with smugglers and pirates rather than her well-born neighbours and goes to sea with her favourite pirate Calico Jack Rackham. Mary, brought up as a boy, serves as a private soldier in the army but falls in love with a Flemish corporal, marries him and keeps an inn. When he is lynched by fellow-Netherlanders for a reason not very clear to me, she dons her breeches again, signs on in a merchantman and is captured by a pirate vessel.

The play begins, after the interval, when we have at last settled down on a pirate ship where Ann, still openly female, and Mary, once more sailing under false colours as Mark, are among the crew. Mary reveals her sex when Ann falls in love with her; the secret is entrusted to Calico Jack, and Calico Jack lets it out at once. Like the pirates in *Hamlet*, these are thieves of honour. Neither girl is raped, though they get themselves pregnant when it looks as if the Navy will catch them, which the Navy does in a laughable array of carefully falling canvas.

Leonard Burt

Charlotte Cornwell and Diana Quick

I cannot for the life of me understand what can have persuaded the Royal Shakespeare Company to mount this atrocious play. Mr. Gooch's dialogue is stiff and lacklustre, and though the period is early 18th century, words and phrases from our own time are constantly used. Lest you should think that this is done to introduce a natural timbre in the speech, I should also report that an army sergeant says "The devious paths of your mind never cease to amaze me, woman." Worst of all are the quasi-Brechtian songs that frame each scene, songs in such naive verse that I cannot think how Guy Woolfenden can have been moved to add such subtle music to them.

Nothing could save such a play but an outstandingly brilliant production: but if it be possible, the production under Ron Daniels is worse than the play. The company shout their lines like amateurs. The fights, of which there are a great number, are devised (by B. H. Barry) tediously and cumbersomely. Ridiculous detail constantly obtrudes—Calico Jack backing down the companionway as if he had never set foot on a ship before; the ship's wheel left unmanned; the cleanness and tidiness of the deck. *Peter Pan* is infinitely more exciting than this, and indeed has more to say, though Mr. Gooch dutifully introduces a hint of women's lib and naturally suggests that the judges who try the pirates and sentence them to be hanged are themselves dishonest.

For an expensively-subsidised company trading under the name of the world's greatest poet to put on rubbish like this is a disgrace. As it happens, circumstances have kept me from more of their productions this season than I would like; but on the strength of what I have seen I suspect that the company is going astray. Should they really concentrate so on low-life stories? And should they not be training their young directors up to direct Shakespeare? In the current season, Barry Kyle is the only new director in charge of a Shakespeare play, unless you count Michael Bogdanov, who has a whole-time job ahead of him running the Young Vic. In due course I hope to catch up with some of what I have missed, and I shall return to this subject later on.

ICA

Allen Jones's Graphics

by WILLIAM PACKER

Of all the artists who were associated with English Pop Art in those heady days of the fifties and sixties, Allen Jones is one of the very few still to be drawing his material from that inexhaustible spring, some would doubtless prefer to call it a morass, of imagery: and he appears to be all the better for his perseverence, for his work not only sustains its interest, but continues to develop and improve.

He always was an interesting artist but Pop Art was ever a literary, anecdotal genre, and for a while it seemed that Jones's particular brand of imagery had grown so strong, so dominating, of such all-consuming fascination, as to overwhelm utterly, the other, the formal qualities of the work. He was always a fine craftsman, a strong if mannered draughtsman; but, confronted by an icon of what, even at the second look, would seem to be a most perverse sexuality, it was all too easy for the viewer to forget to notice the niceties of line, of composition, of the handling of the paint. It was a dangerous and misleading emphasis, from which Jones, in reputation at least, has not yet altogether recovered; and it was given added force by the technological pre-occupations of those times, which were so inclined to put means before ends, production and presentation before the subtleties of touch and suggestion. Irony and ambiguity were likely to be lost in the process: or so it seemed then.

In retrospect, however, though the slickness of the execution may indeed have blinded us too often to the fact, what we read at the time as being merely heavy, explicit and superficial was also invariably self-mocking in some degree, rather more detached than we might at first have supposed, very stylish but witty too: there was more to it all than perhaps we were prepared to concede. This show at the ICA (until August 29), which concentrates upon Jones's graphic work over the past 20 years, in particular his screen-prints and posters, neatly makes the point: for the print will always be by so much, no matter how narrow the margin, significantly simpler, blander, more mechanical, indeed more superficial than the painting or drawing, nothing more so than the screen-print.

Jones has always taken as his subject, for the past dozen years or so virtually to the exclusion of anything else, the obsessive, fetishistic consideration of Woman. Bestrapped and booted the Lady strides through his pictures on her ferociously high heels in a flash of thigh and knicker. She is never naked: we see her often only in part, a dismembered, fleeting, concentrated vision. The shoe or the glove alone is enough to summon up that powerful presence. In the more recent work she keeps herself off-stage entirely, her impatient voyeur teased by the swing of the curtain. Jones's world is one of object and sign, suggestion and anticipation, fraught with taboo. The Devil himself has lately put in an appearance.

None of this, of course, goes down terribly well with the sisterhood, which still professes, indeed goes out of its way, to find something profoundly shocking in a glimpse of stocking, and is determined not to let it go unremarked. Allen Jones's girls are glamorous, rather more than well-endowed, his working material culled from the more bizarre and recondite of publications: and so it follows that he is an enemy, who must be put down. He is designated pornographer, anti-feminist, male chauvinist, his work condemned, and even threatened with the law by the more extreme enthusiasts, not for being what it is as Art but for what it is thought to be about. Appearances, after all, are everything.

Sexist is a nasty new word, as vague an epithet as Fascist or Marxist, Socialist or Tory, a thoughtless verbal bludgeon that I doubt has any real meaning at all. Here it is thrown at a painter merely because he deals in images of women that, besides being beautifully made, are forceful, memorable, and openly sexual in implication. As Mr. Growser would have said, they ought never to be allowed. The fact is, however, that for any man an interest in his sexual relations with women is perfectly natural, and all but inevitable: and so central a feature of universal experience is thus legitimate, even necessary a matter for the artist to treat. The images he makes of women are in the first place simply a function of his own sexual imagination, but which, if they have any virtue to them, will strike a common nerve. The corpus of the world's great art is crammed with work of just this kind, from the Greek Vase painters to Utamaro, from Veronese and Rubens to Picasso and Modigliani.

'Cut-a-way' 1976

And all this work is instinct with the attitudes men had, and have still, towards women, albeit modified and conditioned by local convention and temporal circumstance. We may perhaps regret the facts of history and human nature, but they must be faced. And when we do face them we see that the issues are infinitely more complex and ramified than recent polemic might care to admit, and not altogether so disadvantageous to the female cause.

Looking again at Jones's work, for example, we soon realise that though the Woman may be the one reduced symbolically to the state of a sex-object (which is only the poor jargon short-hand for an object of sexual desire, something markedly less abusive in its implications, that might even be taken as a kind of compliment), it is the Man who is the victim of the simplification, the prisoner of his own fantasy. Jones, with elegant and amusing irony, frequently taking his imagery dangerously close to the edge of absurdity, is dilating not at all upon a supposed ideal, but upon the nature and limitations of the obsessed and stereotypical male imagination. Here the Woman is impersonal, superior, a universal if somewhat exaggerated figure, the Man particular, identifiable, vulnerable, deperate. And only the most unsubtle and literally-minded of us, in supposing that these images could exploit Women at large in any way, could miss the point. The Gravesian Goddess is a hard and unforgiving mistress, and she does not always appear in white.

The ICA, recognising the response it has provoked in putting on, and certainly defending this exhibition, is to hold a discussion (on Saturday, August 5 at 2.30 p.m.) on the topic "Sexism In The Arts," to be chaired by Matthew Hoffman of Time Out, which looks likely to have its moments of fun. We must hope that this meeting, having considered and questioned work that, in the words of the announcement "might be seen as liable to encourage sexism," will be able to tell us more clearly what Sexism is, and in what the danger, if any, consists.

Albert Hall/Radio 3

Christus

by DOMINIC GILL

The first performance in this country of Liszt's oratorio *Christus* was given in Westminster Cathedral last year during the six-week Liszt Festival of London, and reviewed at length by Ronald Crichton on this page. That performance used the shortened score prepared by the composer, in which he sanctioned over 800 bars of cuts from the original. Sunday night's Prom performance of *Christus*, given by the same orchestra and conductor, but with different soloists and choir, restored those cuts, and therefore marked the British premiere of Liszt's masterpiece complete—111 years, nine months and 30 days after the work was finished in Rome in 1866.

It was a triumphant occasion. I had heard *Christus* complete only once before, by apt chance as I was passing through Paris on my way home from Budapest, at its French premiere last year: but the conducting was slack, the singing (with the single radiant exception of Dietrich Fischer-Dieskau) was a disappointment, and the orchestral playing a disgrace. The Prom performance, with the RPO under Brian Wright, four strong soloists, Teresa Cahill, Sarah Walker, Michael Rippon and John Mitchinson, and the BBC Symphony and Liszt Festival Choruses both on exceptional form, was notable throughout for its finesse, breadth and commitment.

Though it sustains a very long dramatic span of nearly three hours of music with remarkable consistency and force, *Christus* is not an organic, tightly-knit work. It is rather a sequence of "Biblical pictures in music," a sequence of tableaux, brilliant, indulgent, sometimes sentimental but hardly ever vulgar, of astonishing variety, knit by a thread of plainsong that opens the work and runs through it from start to finish.

It is a characteristically grand and generous achievement: a canvas that at once embraces orchestral tone-poems (pastorals, processionals, a jaggedly chromatic stilling of the tempest on Gennesaret), grandly operatic dialogues and ensembles (the lovely set of Beatitudes for baritone, the long and extraordinarily powerful "Stabat mater dolorosa" for full ensemble), and quiet movements, simple and austere, for voices and organ alone. Liszt called *Christus* his "musical Will and Testament." In its very diffuseness and variety, its wealth of sublimely original material, and in its tender, fiery visions, it is a fitting monument.

All praise to the Liszt Festival, and to Robert Ponsonby of the BBC, for their determination and vigour in arranging the debut, so long overdue. We cannot expect frequent performances of *Christus*; but now we know its measure. It cannot lie neglected, in whole or in part, for another century.

Nottingham Playhouse plans

Nottingham Playhouse will reopen after a brief summer closure on September 13, with a major production of Shakespeare's Henry V. This will be joined on September 27 by Tom Stoppard's Jumpers, which will stay in repertoire until October 14.

On October 18, the Playhouse will present the world premiere of a play by Barry Collins, called The Strongest Man in the World, which will be performed in repertoire with Henry V until November 4.

Their places will be taken by John Arden and Margaretta D'Arcy's play about Ireland, The Little Grey Home in the West, presented jointly with Foco Novo (November 8) and George Farquhar's comedy The Beaux' Stratagem (November 16).

There will be an extensive programme of Sunday shows featuring Roger Woodward and the Philip Jones Brass Ensemble (October 1): Nottingham Music Theatre (October 8); a presentation by Air Jamaica called "Come Home to Jamaica" (October 15); The Warsaw Music Workshop (October 22); The Steelband Association of Great Britain (October 29); The Yetties (November 12); Interim Theatre Company (November 19); The Black and White Boyfriend (November 26); Nexus (December 10). There will be Lunchtime Proms on October 20 and December 22.

Winchester Cathedral

Southern Cathedrals Festival

by NICHOLAS KENYON

Liturgical music has rarely been in the forefront of fashion. Experimentation is not a common feature of church music, and especially in this century composers for the church have been content to follow along the well-trodden path of the supposedly "sacral" style beloved of the late Victorians. The lively new minds have turned to lighter music as a vehicle for worship—producing music in categories which Elizabeth Poston has described as the pop, the plush and the twee. All the more refreshing, then, to find a composer who has shown himself to be among the most forward-looking of today's middle generation writing music of genuine adventurousness for the church.

Jonathan Harvey has written a *Magnificat and Nunc Dimittis* which was given its first performance in Winchester Cathedral on Saturday afternoon on the last day of that annual answer to the Three Choirs, the Southern Cathedrals Festival (which brings together the choirs of Salisbury, Chichester and Winchester). It is a most impressive work, and was performed with great conviction by the festival choirs. Less uncompromisingly avant-garde than might have been expected, it is perhaps an attempt to introduce quietly and unsensationally some of the techniques which the present-day composer takes for granted. Speaking, shouting, indeterminate pitches, glissandi, a measure of improvisation and so on are all tastefully brought into the score.

But Harvey does not disdain such traditional gestures as an ethereal melody for a lone boy soloist, or cluster-like fanfares on the organ's *tromba* — both effects which Britten and Tippett used in their liturgical works. New and old are welded together with a strong sense of drama: in the *Magnificat* there is a cantus firmus which ensures that almost all the words can be heard, while in the *Nunc Dimittis* there is a brilliant effect of spluttering candles at the word "light." A difficult work for parish choirs, but a welcome sign that contemporary music is not disdained in our cathedrals.

Unfortunate, then, that the first half of the concert which followed in the evening was devoted to works from the still backwaters of 20th-century church music. Vaughan Williams' inspiration may have a certain strength, but that is to be found in such folk-song works as *Dives and Lazarus* (which the English Chamber Orchestra played under John Birch) rather than in his dreary ceremonial offerings with their thickly textured fanfares. As for George Dyson's *Hierusalem*, this pallid, derivative concoction would have been thought feeble in 1906, let alone 1956 (when, so the programme claimed, it was written). Fortunately, matters were redeemed by an atmospheric, deeply felt account of the Fauré *Requiem* under Martin Neary. The English cathedral sound, even when so well-tuned and well phrased as it was on this occasion, is hardly right for this work, and the tempi were dangerously slow; yet the impetus was sustained. The horn and trumpet calls in the *Sanctus* cut across the Cathedral to magnificent effect. Fauré could have taught Vaughan Williams a thing or two about writing for ecclesiastical brass.

FINANCIAL TIMES

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Tuesday August 1 1978

The worsening Rhodesia war

THE WAR in Rhodesia is nasty, and it is almost certainly going to get worse. Military censorship in Salisbury makes it difficult for anyone not directly involved to get a clear picture of the inroads that have been made by the Patriotic Front guerrillas. Their continuing choice of "soft targets," such as missions, hotels and factories, would seem to indicate that they are not yet ready to stage more conventional military operations. But there can be no hiding the fact that they are encroaching more and more closely on white strongholds — including now Salisbury and Bulawayo—and that wide sections of the country are beginning to look increasingly like "no-go" areas.

Independence

White morale is low and is likely to deteriorate still further as the end-year date for independence under the internal settlement approaches. While there are probably many Whites who are still determined to fight to the last man, there are many others who do not want to die for a black majority Government. Many are likely to leave the country in the months ahead. The timing of the latest raid into Mozambique—the first since the interim Government was installed—is significant. The first aim is clearly to buy time for the holding of elections in December. The second point is that the security forces almost certainly want to make the best use of their white troops while they are still prepared to conduct such cross-border operations.

There is very little that any British Government can do to alter the course of events. The UK has neither the power nor the political will to intervene militarily. British contingency planning has been concentrating for some months on the possibility of organising an air-borne rescue—on the lines of the Franco-Belgian Shaba operation—if the increasingly widespread predictions of an imminent bloodbath prove accurate. Even that, however, would be difficult to organise as a result of the constant cuts in defence expenditure in recent years. Nor will any British Government want to resume direct political responsibility for sorting out the situation, as recommended at the weekend by Mr. Srhidath Ramphal, the Commonwealth Secretary-General.

The only possible course, however unpromising, is to continue to exert the maximum pressure on the Patriotic Front leaders to participate in an overall, peaceful settlement. The chances of success, as Dr. Owen has discovered, are not high. The one real hope lies in the influence that can be brought to bear by the five "front line" African presidents, who have played a key role in the efforts to reach a settlement with South Africa on Namibia. Some of them, particularly Zambia's President Kaunda, are far from happy at the size of the guerrilla forces now stationed on their territories.

The problem is that neither of the two main Patriotic Front leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe, can see why they should stop fighting. If they agree to participate in a peaceful settlement, along the lines that London and Washington are urging, they would, at best, have to share power. They would, of course, accept a peaceful settlement under which they were given total power, but that is not on offer. They clearly believe they are now in sight of a military victory, leading to full control of the country. The fact that it would be a totally devastated country, and the probability that the next war would be between the Nkomo and Mugabe factions for outright leadership, does not seem to deter them.

Sanctions

In Salisbury, it is perhaps not fully realised quite how limited the UK's options are. There are differences of nuance between the positions of the political parties. The right wing of the Conservative Party would like to recognise the internal regime and remove sanctions. But it is doubtful that a Tory Government would follow a very different line from that currently being pursued by Dr. Owen. Mr. John Davies, the Shadow Foreign Secretary, after a visit to the area, has come down in favour of continuing sanctions. Even if the interim Government were to succeed in organising "free and fair" elections in December, and the new regime were to be recognised internationally, the stark military outlook would remain unaltered.

Standards for State boards

THE GOVERNMENT has acted wisely in deciding to try to resolve the question of how the nationalised industries should adapt to inflation accounting in time for their next crop of annual accounts. An earlier decision to wait for the adoption of an agreed inflation accounting standard for use in the private sector before issuing formal guidelines to the public sector industries may have been understandable. But the present disarray has been causing concern for two reasons.

First, it becomes much harder to judge performance when different boards are using different accounting methods and there is no consistency even in the changes in accounting practice which some boards have been adopting. Secondly, the confusion about accounting methods raises awkward questions about the basis of pricing policy, as the Price Commission pointed out in its recent report on the South of Scotland Electricity Board.

Inflation

The questions about pricing policy arise because the pace at which most boards have been able to raise their prices to an economic level from the artificially low levels enforced upon them by past official price restraint policies has been governed by the safeguard provisions in the price code. These permit a nationalised industry to increase its historic cost depreciation charge by 40 per cent as an interim step pending the adoption of more generally accepted inflation accounting practices. The Price Commission thought that, while it was right to recognise that the cost of using assets rises in money terms in parallel with inflation, it was wrong in a purely accounting approach to pricing policy not to recognise that the cost of financing assets with borrowed money falls as inflation erodes the real burden of repaying borrowings. The supplementary depreciation charge ought therefore to be reduced by the extent to which assets were financed by borrowed money as against equity. Since the South of Scotland Electricity Board, like most other nationalised industries, is financed largely by loan debt, the gearing adjustment would, the Commission felt, largely cancel out the extra depreciation charge.

The Commission recognised however, that these issues would not arise if the board's prices were based upon the economic principles set out in the recent White Paper on the nationalised industries. This document indicated that prices in the nationalised sector should ensure that users paid the full current resource cost of the services or goods they used. Full current resource cost, in this context, means operating costs plus a capital element reflecting the opportunity cost of capital—that is the return that could be expected from investing the same amount elsewhere. The same concept was to apply to new investment—for which the opportunity cost of capital was set, somewhat arbitrarily, at 5 per cent in real terms. If the expected return would be less, then the investment should not be made.

Efficiency

The problem of course is that market competition does not prevail throughout the nationalised industries, particularly in the utility sector. The financial targets set for each board would therefore have to be supplemented by a series of efficiency criteria including various cost reduction objectives. These yardsticks of performance have so far been established — or rather re-established — for only a relatively small number of state boards and for none of the fuel industries. It would be regrettable if the controversy about inflation accounting were to delay the setting of targets for the remainder. The adoption of inflation accounting will change the numerical value of the targets but not the revenue each board is required to earn. In the absence of a target, there is no way of knowing how much profit each board should make (irrespective of how that profit is expressed in accounting terms) and therefore no way of judging how it is performing.

Getting motorists lightly oiled

BY SUE CAMERON

THE CONSERVATISM of British car owners has given motor oils a bad name—they are known in the trade as "distress products" even though the UK market is worth £100m a year.

The average motorist in the UK often leaves it to his local garage to choose an oil for him when his car goes in for servicing. Those that do buy their own oil tend to ask either for the brand their fathers bought before them or for the cheapest product available. At least 95 per cent of them use thick, 20W/50 multigrade oil in their engines—yet the British are virtually the only Western motorists to buy heavy lubricants in such numbers. In the U.S. and on the Continent the market is dominated by lighter oils which can give estimated savings on petrol of at least 5 per cent. Attempts have been made to interest the UK motorist in lighter oils—British Petroleum has pushed the idea particularly strongly—but so far they have failed.

Yet there are signs that in the next few years British motorists could start to follow the lead of their foreign counterparts and adopt lighter lubricants. It is also possible — though unlikely on present showing — that when thinner oils do take off in Britain the existing market picture could be changed.

Castrol and Duckhams now control at least 50 per cent of the UK motor oil market between them. Own-label brands, such as Winfield which is sold by Woolworth, have a market share of roughly 15 per cent. The rest is divided between the major petroleum companies, which are making a strong attempt to increase their lubricant sales. Yet in spite of heavy advertising they are finding it extremely difficult to dislodge Castrol and Duckhams from their prime position in the market place.

But a company which could persuade British motorists to turn to lighter oils — in a big way — would stand a good chance of suddenly and significantly increasing its market share. It is a trick which has been pulled off before and lubricant producers like BP, which is desperately promoting a light, 10W/30 multigrade oil at the moment, are well aware of this.

The current UK brand leader is Castrol which was founded in 1899 and went into motor oils in 1909 when there were only 48,000 cars on the road. It has always been a specialist concern—it pioneered the use of additives in motor lubricants in the 1930s—and it gained a firm hold on the market in the days when the major oil companies were concentrating almost exclusively on selling petrol.

Advertises heavily

Today its products are sold throughout the Western world and it maintains a "pretty steady" 30 per cent share of the home market. The company, which was taken over by Burmah Oil in 1966, admits that its history plus its strong association with motor sports "do help considerably" when it comes to sales. But it stresses that it is not resting on its laurels and it still advertises heavily—mainly on the themes of engine protection and Castrol success on the racetrack.

Halfords, the motor accessories chain, belongs to the Burmah Oil group and this association has almost certainly played a part in helping Castrol maintain its hefty market share. For in the 1960s competition in lubricants became far more intense and one of the main reasons was the growth of do-it-yourself motor maintenance and the advent of high street accessory shops—such as Halfords. Today there are about 300 shops in the Halfords chain and though they sell many brands of motor oil Castrol products are given a prime selling position. Prices are still highly competitive. They vary from just under £2 to £3 for five litres of oil.

The other reason for increased competition among lubricant producers during the 1960s was the launching of 20W/50 motor oil by Duckhams. Alexander Duckham, like Castrol, was founded in 1899 and has always been a specialist in motor oils. Yet by 1960 it had only a tiny share of the motor lubricants market.

Duckhams is now second in the field with a 20 per cent share of the British market. It owes its position very largely to the heavy, multigrade oil which it introduced just as the Mini, with its transverse engine, started to become a best seller.

Only single grade oils were available in the UK until 1951 when the first multigrade came on the market. In the days before multigrades, motorists had to change their oil twice a year. They used thin oil in the cold, winter months for easy starting but replaced it with a thicker lubricant in the summer. This was because engine temperatures, combined with warm weather, would have thinned out an already thin single grade oil to the point where it failed to lubricate adequately.

Multigrades meant that motor oils could be given a range of viscosities: they could be thin enough at one end of the range to permit easy starting in cold weather and thick enough at the other to give full protection to an engine. The actual degree of viscosity is denoted by numbers laid down by the Society of Automotive Engineers and the higher the numbers, the thicker is the oil.

In the Arctic an extremely thin multigrade range such as 5W/30 would be needed because in freezing conditions an engine would not start with a thicker oil. In Britain's temperate climate the much thicker 20W/50 is needed—or so the argument goes. Ideally it might be desirable to have a multigrade that covers the full range of viscosities but technical problems have so far prevented this.

Duckhams was the first to introduce a multigrade oil to the UK but this in itself did not give the company a vastly increased share of the market. But its development of heavy, 20W/50 oil did—partly because newly designed engines, such as those used in mini cars, were hard on oil and needed a thick lubricant. The 20W/50 multigrade also gave a lower rate of oil consumption.

All the multigrades which Duckhams retails to-day are 20W/50 oils. Castrol's best seller is the 20W/50 GTX although the company also produces a slightly lighter 15W/40 multigrade which has the brand name of Castrolite.

Shell comes third after Castrol and Duckhams with a market share of about 15 per cent. Its Shell Super Multigrade is again a 20W/50 oil and the company does not produce a light lubricant for Britain. Esso, which has an 11 per cent share of the market, uses the brand name Uniflo for its motor oil which comes in both 10W/40 and 15W/50 viscosity grades. But the company only sells the heavier 15W/50 in the UK. Yet in the U.S. and most of the countries on the Continent the market emphasis is on lighter oils—usually 10W/40 multigrades. One of the reasons for this is that thinner oils can give savings on petrol consumption of 5 per cent or even more. And in the U.S. lighter lubricants are advertised as "economy" oils.

It is argued that the U.S. is traditionally a "thin oil country" because American cars have slower running and therefore cooler engines than European ones. In addition to this, U.S. speed limits tend to be lower than in Britain or on the Continent and engines do not therefore need as much lubricant protection.

The flaw in this apologia for lighter lubricants is that they are also widely used on the Continent where speed limits are higher and engines faster and hotter. What is more, most Continental countries have warmer climates than that of Britain and yet car manufacturers there still recommend lighter oils.

Esso believes the UK will eventually go over to thinner oils though it stresses that in the meantime producers have to meet public demand — and the British are demanding 20W/50 multigrades. When the change-over does come Esso will presumably be in a strong position simply because it is already supplying 10W/40 oil to the Continent.

"Light oils will be used over here although it is anyone's guess as to when it will happen," Esso says. "It has to be remembered that petrol is cheaper in the UK than in the rest of Europe. It is possible to buy petrol for 70p a gallon here whereas in France the price is about £1.33 a gallon. If petrol prices rise in the UK and British motorists become more conscious of the need to save energy then there may be a corresponding growth in light lubricant sales."

Duckhams is currently looking at lighter oils, and it also says the UK "will move that way ultimately." But the company will not be bringing out a lighter oil until it is satisfied that it has developed one which will give adequate engine protection as well as petrol savings. It says that if British motorists moved from 20W/50 down to 10W/30 they could find their oil consumption increasing by as much as 40 per cent.

Duckhams believes that a 10W/30 multigrade would be too light for British conditions in any case. It says a 10W/40 or even a 10W/50 would be more suitable for the UK market although far more additives would have to be put into an oil that had as big a range as 10W/50.

The company that is giving full backing to a really light 10W/30 multigrade for the UK is BP—Duckhams' in-house rival. BP claims the change-over to thinner oils could start "within the next year." But at present the 10W/30 which BP sells under the name of VF7 has only 2 per cent of the market.

Manufacturers recommend

One of the obstacles to the growth of lighter lubricants in Britain is motor manufacturers' oil recommendations. All the car manufacturers operating here recommend 20W/50 lubricants but only some of them recommend lighter oils as well. Ford recommends 10W/30 multigrades for use in climates up to 32 degrees C and it puts 10W/30 oil in its cars as they come off the production line.

Vauxhall recommends 10W/40 oils; Chrysler does not specifically recommend lighter lubricants for the UK—it says it is still doing research on them—but it does recommend 10W/40 multigrade for some of the British-made cars it exports to Europe.

The manufacturer which definitely does not recommend 10W/30 or 10W/40 oils for its cars is BL Cars, formerly known as British Leyland. A recommendation for lighter lubricants from BL could do much to boost this sector of the market. And some supporters of a move to lighter oils claim BL may have ulterior motives for withholding its approval. They say that antiquated machine tooling means some BL engine models are not built to sufficiently high tolerances to stand up to light oils.

"Absolute balderdash," says BL. "Some of our advanced machines produce engines that are hotter, more sensitive and built to tighter tolerances than most.

"Our lubricant recommendations have to take into account the worst possible situations. We would not be happy about a fully laden car going flat out down the motorway on a hot day with only 10W/30 oil in its engine. We are looking at lighter oils in the UK and we do recommend them already for cars that are going to be used in cold climates. We also accept that a 10W/30 oil may be up to the mark for cars driven in the UK in many cases. But we have to consider the extreme conditions under which a car might well be run in Britain."

What promoters of 10W/30 lubricants really need is another oil crisis — no one would be going flat out on a hot motorway and their sales would be virtually guaranteed. Yet even if history were to repeat itself it is most unlikely that companies such as BP would be able to sweep the market.

All British motor lubricant producers are aware that sooner or later—probably later—there is going to be a swing to lighter oils. When it does come the brand leaders will almost certainly be ready for it—particularly as they will recall Duckhams' runaway performance in the 1960s.

The evidence suggests that the UK will not go for a lubricant quite as light as a 10W/30. A 10W/40 viscosity range would be more likely and more in keeping with Continental practice.

Meanwhile, the market will have to wait for energy-saving campaigns and slow but steady petrol price rises to do their work on Britain's stubborn motor lubricant consumers.

MEN AND MATTERS

Liberal friends of Iraq

Given the fairly tumultuous state of relations between Britain and Iraq, there should be squalls at the Liberal Party conference in Southport next month if the Young Liberals stick to their present plans. The YL's have invited a delegation from the Iraqi Youth League to their council before the conference — to which it hopes to introduce the delegation as observers. This serves to highlight the continuing gulf between the senior Liberals and their maverick juniors over Middle East affairs. The Liberal leadership — in particular Jeremy Thorpe — has always espoused the Israeli cause. But only last weekend, a team of Young Liberals returned from Damascus proclaiming renewed support for the Palestine Liberation Organisation.

John Hiley, head of the YL's "international department," has made three visits to the Lebanon to meet PLO leader Yassir Arafat. He has also been to Libya and Iraq. During the YL's latest jaunt, which lasted a fortnight, its members travelled in a PLO convoy on the Damascus-Beirut road in a car "bristling with automatic weapons."

Hiley told me that he became interested in the Palestinian cause while a student at the Central London Polytechnic. Were the Young Liberals sympathies not akin to those of Vanessa Redgrave and the Workers Revolutionary Party? "On this issue, yes," he said.

Problem Picasso

The Museum of Modern Art in New York has a vested interest in the political situation in Spain, for it is the latter which will determine when the museum loses one of its prize possessions, Picasso's painting *Guernica*.

The work was originally a mural done for the Spanish Republic pavilion in the World's Fair in 1937. It got to the United States as part of a travelling exhibit to benefit the Spanish Refugee Relief Committee. After Franco's victory, Picasso said it could not return to Spain "until democracy had come back."

The U.S. Senate is doing what it can to hasten the painting's departure. The latest Foreign Relations Authorisation Act provides $500,000 so that *Guernica* should, "at some point in the near future and through the appropriate legal procedures," be returned to Spain.

The museum has said nothing since a year-old statement: "Picasso made it clear that the painting should go back to Spain only when the Spanish republic is restored." The final decision lies with Picasso's lawyer in Paris, Roland Dumas, who is still being cautious as well. There the matter rests, with the huge work, 25 ft wide, taking up a large and prominent wall in the museum.

Sailing to York

Ill-luck dashed the plans of the balloonists, but another unorthodox craft heading for Britain still hopes for a safe landfall. It is skippered by Norwegian Olaf Engvig, now on his way to York in a square-sailed Viking ship, 28 feet long. Engvig set out from Oslo three weeks ago with a crew consisting of his daughter and two other modern Vikings, to commemorate the Norsemen who captured York 1,000 years ago and created a city there.

The Viking ship is a replica made in 1880 in Afjord, Norway and Engvig admits it is not completely accurate, because archaeological knowledge has

advanced since then. He expects to reach York in mid-August, arriving by way of the River Ouse as the original invaders did. His aim is to raise funds for the Viking excavations in the city—already nearly £50,000 has been subscribed from Scandinavia. The excavations are in the middle of York's shopping area and are being supported by the Department of the Environment. The site will be handed back to commercial developers in a year's time.

Baby lore

Britain's test-tube baby is still making headlines around the world — and presenting many religious authorities with an ethical dilemma. Roman Catholic leaders, in particular, have voiced reservations. So it is perhaps unexpected that approval is already coming in from Islamic quarters. The first to speak out in favour is Chief Justice Ibrahim Qattan, of Jordan's Islamic Court. He says that Dr. Steptoe's feat is "in conformity with natural law"; since the baby is a "natural off-spring" it is "therefore subject to the usual inheritance laws of Islam."

On the level

The British Price Commission "will come into its own over the next two or three years," if its powers are not reduced, says chairman Charles Williams. He has just been reviewing his organisation's performance at the end of the first year in its reorganised form. But they order these matters rather differently in Switzerland.

Leo Schlumpf, who has been running the Swiss equivalent of our commission since 1972, has now worked himself out of a job. He has got price increases down to zero and his organisation will be disbanded at the end of this year. "It's an act of suicide," says Schlumpf cheerfully.

Shunted off

An addition to the vocabulary of British Rail euphemisms. Arriving at a South London station, a colleague found that his train, scheduled for departure at 22.58, would not leave until 23.43. "What's the delay?" he asked. "There is no delay," replied the BR man. "It's been re-timed."

No hang-ups

From New York comes the story of the middle-aged woman who told a friend that her new psychiatrist had done wonders for her. "Before I went to him I was terrified of answering the phone when it rang," she said. "Now I answer it whether it rings or not."

Observer

John Lloyd reports on the rapid growth of the British discotheque equipment industry

Disco jockeying in Moscow

A HITHERTO unreported argument is taking place within the ranks of the Soviet leadership. Its progress is being keenly watched by a group of British manufacturers and retailers, who stand to gain greatly from its outcome. This group already has an annual turnover estimated at £20m.

This is what happened. Mr. Mike Gerrish, the sales controller of a company called Citronic, which makes disco sound equipment, made a sale in Finland. His customer reminded him that the Olympic Games are to take place in Moscow in 1980, and did he know the Russians were reluctantly coming to the conclusion that the effete Western spectators and others would want discotheques? Gerrish passed the word to Mr. Maldwyn Bowden, whose Brighton-based firm of that name specialises in discotheque design. Bowden phoned Moscow. Yes, they were interested, after a fashion, or at least (he gathered) some people were interested, recognising that youth must have its fling and anyway the Hungarians had them and the Olympics was an excuse to slip them in quietly without the conservative gerontocrats having too much of a fit; but there were difficulties.

"All this has to be fitted into the Plan, and it means that someone has to make a decision to buy disco equipment and not buy—I don't know—some factory equipment; when you have a limited amount of foreign currency; that's not an easy decision," said an understanding Mr. Michael Fabricant, Bowden's marketing director. So he and Bowden must wait until the Soviet line emerges on discos, and Citronic, which would probably supply much of the sound equipment, waits too, and so do other UK disco merchants, secure at least in the knowledge that if the Soviets do come to the market, it will be a British market because British discos (they say) are best . . . without a doubt.

Why are they best? Opinions in the trade differ but many acknowledge that the largest stimulus to British excellence in the manufacture of discotheque equipment is the mobile. A mobile is the trade's shorthand for a mobile disc jockey (or jocks), young men who hire themselves and their equipment out to clubs, pubs, weddings, 21sts, charity shows, wakes (so claims Mr. Roger Squires, of whom more) and any other function where eardrums are expendable. The trade reckons there are between 50,000 and 70,000 mobiles, perhaps 8,000 of those being full time, who haul their battered equipment from gig (venue) to gig, working for £25 a night, or £20, or £15, or £10, or all right, a fiver and drinks, undercutting each other like mad, their fantasies fixed on a *slot* of their own on the BBC or Capital, their common sense generally failing to remind them that a damned snowball would get better odds.

Yet whatever their personal failings, they constitute a market, and have done so for ten years. To ask why there are so many is to invite philosophising from the trade's old-timers in their late 20s, who pull on their whiskers and talk of bands growing tired of "gigging," of an unsatisfied demand for music which was too expensive if good and too awful if cheap, and of the thus ineluctable rise of the mobile in the late 1960s. There were discos before: but it was a small circuit and quite often rather exclusive. Then the mobiles went out to the masses.

Mr. Roger Squires is an important, not to say key, figure in this process. He may not have been the first, but he made the biggest splash, and that is what counts. In 1965, he went to a "hop" at Parkside Tennis Club, North London: music was provided by a record player on which eight 45s were stacked: they changed themselves (more or less) automatically, with terrible pauses between records when boys and girls stood and stared past each other and with truly horrendous pauses every eight records while the club secretary fumbled with the next batch. Squires saw all this, and understood: what had to be avoided was silence.

He went home and built his own sound system, coming back to the Parkside Tennis Club to hire himself out, for 30 shillings, as "jock" for the night, the man who banished silence. That was in 1966. Between then and the early 1970s, Squires grew, going professional when it became obvious he could make a living, taking on a fleet of mobiles when the work got too much for him, working from his parents' home until his mother threw him out for hiring go-go dancers ("No son of mine will trade in human flesh," she said).

Because he is sharp, Squires quickly grasped that there was little money in mobiles. In 1972 he plunged briefly into manufacturing—Johnny Walker, the Radio I disc jockey, was one of his first customers—and in 1973, after most of his money had run out, he made a last gamble, and opened a Disco Centre in Archway, London, retailing first his own, then increasingly other manufacturers' equipment. He now has a turnover of £1m with four shops, a thriving mail order and export business and plans to expand.

> ❛Musical innovation is full of danger to the State, for when modes of music change, the laws of the State always change with them.❜ *Plato: The Republic*

The producers have grown, too—that is, the successful ones—and come out of their garages into custom-built factories. The unsuccessful ones—the majority—have disappeared. The market leaders are probably Citronic and Futuristic Aids (FAL) on the sound equipment side, and Pulsar and Optikinetics on the lighting and light-show side (flashing lights and projected shapes). They each employ somewhere between 25 and 50 people: turn over something between £500,000 and £1.5m a year each, and are in general doubling that figure every year or two. All but one—FAL, a subsidiary of Audio Fidelity—are independent, the creation of enthusiasts.

Take Optikinetics, which turned over £500,000 last year and is on target for £750,000 this year. Neil Rice, the company's chairman, started it in 1970 after working as an architect and doing light shows in his spare time. He rented a farmhouse in Hertfordshire from Barbara Cartland, who terminated their lease after a fire had broken out. Rice moved to Luton, where he now employs about 25 people and specialises in projectors for light shows, exporting 50 per cent of his production, mainly to Europe.

Or there is Citronics, begun by three refugees from the computer industry five years ago, now employing 45 people and trying to break into the American market (to say nothing of the Soviet Union). Mike Gerrish believes that the mobile market in the U.S. is about to take off. So far, it has been small, with clubs and resident "jocks" dominating the scene. But *Saturday Night Fever*, the succesful disco film, has started, or re-started, a disco craze and Gerrish believes that the Americans must turn to UK manufacturers because their own are still years behind.

Citronics can equip an aspiring jock for £500 minimum, which puts the company in the upper end of the market. FAL can do it for £200 plus VAT. "It's not tremendous quality, but it's all right," says sales manager Geoff Hood. FAL was bought as a tax loss by Audio Fidelity in the mid 1960s, but revived eight years ago when it became obvious that enough mobiles were trying to claw their way to the top to provide a market for cheap sound equipment. About 30 per cent of FAL's business is in exports, and it has just opened a subsidiary in Germany. It turned over about £1.3m last year, and says it will do £1.5m in 1978.

Pulsar began in 1970, when two Cambridge undergraduates and an underworked musician turned their hobby—light shows—into a business which now employs 50 people making 400 light units a month and turning over more than £500,000 a year. Derek Saunders, once the musician and now the overworked sales manager, says it exports two-thirds of its output and that on a recent trip to the U.S., he got eight large orders from eight calls. "We are doubling production this year after doubling it last year. We can see no end to it."

Taking producers and retailers together, Squires reckons that the disco business is now worth around £20m a year, and growing rapidly.

The record companies are estimated to make over £100m from serving the disco market, while the aggregate income of the thousands of discos up and down the country must run into the millions.

Wedgie's is one of the most fashionable of discos: indeed, it is far too fashionable to admit to being merely a disco. Mr. John Paul owns it with Mr. Charles Simpson. It is managed by Lord Burghersh, son of the Earl of Westmoreland. Mr. Paul says that "it's really a dining club with a disco for members afterwards." Quite. One does not want to be in the same category as a converted church hall in Kilmarnock.

Paul and Simpson spent about £200,000 on the club when it opened two years ago: Paul reckons that it would cost nearer £300,000 now. They have a turnover of £750,000 and expect a pre-tax profit of £100,000, a return which is probably nearly matched by less exclusive haunts.

It is the record business, however, which has seen the largest money roll in. *Saturday Night Fever*—the album of the film—is now being claimed by Polydor, the UK record company which markets it, to be exceeding a number of records. The album has grossed around £7.5m during the last five months, between £4m-£5m of that accruing to Polydor, making the album the biggest earner among LPs ever in the UK. It has sold 1m records (and 200,000 cassettes) making it the biggest selling double album ever, Polydor claims. It has stayed in the LP charts for 13 continuous weeks, the longest, they say, since proper statistics were kept. And the singles which have spun off it have grossed around £2m, making it "the largest-earning singles source ever."

The craze shows little sign of ending. Mr. Graham Canter, who is resident DJ at Gulliver's, an upmarket discotheque near the Hilton Hotel in London, says it has much to do with the opportunities for close sexual encounters of the ordinary kind, voicing an opinion which appears to be accepted as an unremarkable truth by all the thinkers in the industry.

The older Soviet leaders have obviously some cause for concern.

Trevor Humphries

Dancing at Gulliver's disco in London's Mayfair.

Letters to the Editor

British Gas profits

From the Member for Finance, British Gas Corporation.

Sir,—I think we have to respond to Mr. Fenn (July 28) who seems to suggest that our accounting has now moved from "creative" to "illegal."

The pre-tax profit for British Gas for 1977-78 of £180m is after making a supplementary depreciation charge of £145m. This charge is necessary to provide for the replacement of our assets at today's costs and without it the money would have to be borrowed from the Government with the burden falling on the taxpayer rather than the industry. The accounts as in 1976-1977 were, therefore, prepared under the current cost convention and under that convention were given an unqualified audit report. The supplementary charge is required in full and to reduce it by the "gearing" adjustment would not be appropriate. I should perhaps add that to us interest is a cost under fixed contract terms which also has to be met in full before we can strike profit. Reduced borrowing itself, however, reduces the cost of interest to the benefit of the customer and in 1977-78 British Gas saved £47m in interest charges compared with 1976-77.

Mr. Fenn suggests a surplus figure of £564m, one of several that have been misquoted in the Press recently, and we need to correct the arithmetic. Under the historic cost convention our surplus would have been £325m (£180m+£145m). The difference between this and £564m of £239m is made up of two items which completed in 1977-78 the write-off of the historic costs of converting the country to natural gas — conversion deferred charges £156m and displaced plant £83m. These costs written off under the historic cost convention do not, of course, represent any tangible assets and have had to be written out of the books. Our financial plan has been to be rid of this burden before the impact of the much higher cost gases from the northern North Sea build up and this has now been achieved.

We are very much concerned about the impact of inflation on our customers and upon the wage earner, and perhaps we can put the record straight.

The average revenue per therm for domestic gas rose from 10.9p per therm to 18.5p per therm over the 10-year period from 1968-69 to 1977-78, an increase of some 70 per cent compared with an increase in the retail price index of 180 per cent. This, of course reflects increased consumption which for the average domestic customer rose from 238 therms a year in 1968-69 to 499 therms a year in 1977-78. If, however, we take average gross earnings over the same period, the proportion paid for gas for a typical consumption is now only about half that of ten years ago.

W. G. Jewers.
326, High Holborn, WC1.

Trivia and the EOC

From Mr W. Shepherd

Sir,—Thank goodness for the innate common sense of Lord Justice Denning and his colleagues of the Appeal Court in the case of the Equal Opportunities Commission and the football associations, centring around Theresa Bennett. The original county court decision, upholding the EOC's claim of unfair discrimination against the Muskham United FC was totally dotty, and moreover, in my opinion, it went against the provisions of the Sex Discrimination Act itself: not only that but even if discrimination had been legally proved the judgment would have been an affront to common sense.

I wrote at the time of the June decision: "The decision was arrived at in spite of a positive let out, for reasonably intelligent sports organisers, unable to provide alternative hygienic accommodation, and one gets the feeling that the EOC obsessed as it is with chalking up its absurd victories ignores its own drafting. Moreover, up to the time this comment is written, all of the EOC's victories have been master/mistresspieces of triviality."

What taxpayers find most distasteful, however, is the ease with which such trivialities as Theresa Bennett's are financed by the EOC so that the taxpayer pays both ways, when the Commission wins and also when it loses.

No one can possibly object to a campaign against real discrimination, but cannot the EOC see that it would get much more favourable publicity, and thus a good "PR" image, if it confined its efforts to real objects of public disquiet? Who actually takes the decisions to mount legal actions of such low priority?

W. F. Shepherd.
4, Asher Reeds,
Langton Green, Kent.

Cars for the disabled

From Mr. B. Sewill

Sir,—Joe Rogaly (July 25) rightly describes the new Motability scheme for providing cars for the disabled as a rare combination of state and private enterprise, and as a development worth watching. In using the phrases "hard nosed" and "means tested" however, he may have conveyed rather too severe an impression.

The mobility allowance of £10 a week now goes to some 80,000 disabled people and by the end of 1979 will be going to some 125,000. This allowance is not subject to any means test, although it is taxable. The new charitable organisation "Motability" is providing cars (ordinary cars as compared with the old three-wheeled trikes) on a three- or four-year lease, and is managing to offer Mini 1000s at a price within the £10 a week allowance. It is true that if other models of car are requested, or if special adaptations are required, then there will be an extra cost. Motability hopes to raise funds from voluntary donations to help meet these costs in cases of need. To describe this as a "means test" is perhaps to use too emotive a phrase, especially as, since the cars will be available to be driven by friends or relations, with the disabled person as a passenger, as well as by disabled people themselves, it is probable that in the majority of cases no adaptations will be required.

The scheme is "hard nosed" in that it is being run on a normal commercial leasing basis by a special leasing company set up for the purpose by London and Scottish clearing banks. But it would be wrong to leave the impression that it is lacking in compassion. The banks are providing the finance at favourable interest rates, and the motor manufacturers are providing cars at a substantial discount. The result is that it should be possible for disabled people to lease cars at about one-half to two-thirds of what a similar leasing arrangement would cost on normal commercial terms. The leases will run for the full three or four years, during which time the disabled people will be protected from any rise in costs. Moreover, the Government is exempting cars run by disabled people from the £50 a year vehicle excise duty.

So perhaps it might be fairer to describe the scheme as not only hard nosed but also warm hearted.

Brendon Sewill.
10, Lombard Street, EC3.

A company's domicile

From Mr. A. Conner.

Sir,—The transfer of a company's domicile can have much to commend it from the shareholders' point of view in the restrictive atmosphere of UK dividend limitation. A few years ago a company, registered in London for almost half-a-century, moved its registered office to meet Government wishes for local control. Before the move it had regularly paid a net dividend of around 60 per cent. Since the move, with dividend restrictions inapplicable, it has stepped up its payment to 80, 100, 200 and 280 per cent net, today's yield on the latest dividend being a net 15 per cent. Nor is it an isolated case. A similar pattern applies to a number of other companies though perhaps not on the same scale.

The ever-diminishing number of small investors is always urged to go for blue chips where the yield can be, and often is, derisory. What is sometimes forgotten is that there are still some individuals in need of income and though orthodox investment experts may disagree, all things considered, yield is as good a guide as any in decision making.

Of course there may be political factors to take into account; but does anybody imagine that Britain is free from political muscle. It just takes a different form.

Alex Conner.
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Liability for products

From Mr. T. Marriott

Sir,—I quite agree with the greater part of Mr. McMinn's letter (July 27) concerning American products liability experience. He asks, however, "What insurance company would offer you cover to meet such ridiculous claims?" Subject to a definition of the word "meet" the answer is "most of them." Insurers would defend policyholders if presented with claims of this type and if the court held that there was liability then the insurers would pay. They would not, I am sure, readily pay this type of claim without a fight.

T. W. Marriott.
13, Claremont Road, Norwich.

Subsidies for housing

From Mr. P. Sargeant

Sir,—In the paper of July 26 correspondents from the South-East of England (London area) have written about "Housing and Taxation" and "Owning or Renting," in which differences are mentioned between council house tenants, private landlord tenants and house owners and between Londoners and the rest of us.

It seems to me that it is about time that we are all treated as equal British citizens. If householders ought to have a subsidy it ought to be the same for all householders. If the national average is about £210 a year, that sum should be allowed by way of subsidy to all householders whether they have a tenancy or are owners and that sum should be taxed as income of the recipient. In fact the subsidy would be greater than that because an allowance would have to be made so that it comes to £210 after tax. The householders' subsidy should be taxed in accordance with the rate applicable to the individual. This would result in there no longer being breeds of citizens according to the tenure of their homes and no distinction between Londoners and the rest of us.

It would also allow for reverse income-tax benefiting the poorest and would see to it that the wealthiest with the largest mortgages do not get an advantage since in the hands of the wealthiest this extra income would be subject to a higher rate of tax as unearned income. The present system of subsidies and tax allowances has grown up in a haphazard fashion meeting needs as ad hoc. There should now be a rational system.

For those unable still to pay the appropriate rent, social security payments would still be available.

P. A. Sergeant
36, Highcliff Gardens,
Scunthorpe.

Owning or renting

From Mr. N. Pratten

Sir,—I read with interest Councillor Paul Blagbrough's letter (July 26) and in particular his assertion that "there is nothing intrinsically meritorious in house ownership." I wonder.

Living as I do in a small neat block of privately owned houses near similar small neat blocks of GLC houses the difference in living habits between owners and tenants is noticeable. Somehow gardens are neater, children better organised, and vandalism less in owner environs. Can it be then, that the self-respect of ownership (however unfounded) brings with it a certain respect for other people's property and enjoyment thereof?

Can someone show whether there is any hard evidence to suggest that an owned rather than rented environment could reduce vandalism and ultimately petty crime? After all, isn't Dad more likely to clip Johnny's ear if its his own fence that's being broken?

Nigel Pratten,
210B, Ravensbourne Avenue,
Beckenham, Kent.

Flights to Birmingham

From Mr. E. Nassar

Sir,—As a regular visitor to Birmingham, your supplement of July 18 is quite comprehensive with one important omission. To fly from Geneva to Birmingham, one has to spend at least four hours and the only two airlines flying between Heathrow and Birmingham, British Midlands and British Airways, use rather ancient planes. There is no doubt that there is a need for direct flights from Continental centres in modern planes.

Edward Nassar.
PO Box 94,
1000 Lausanne 21, Switzerland.

Today's Events

GENERAL

CBI Industrial Trends Survey (July).

Department of Industry and trade union officials hold further meeting in effort to resolve strike at Chrysler UK's Linwood plant.

Mr. William Rodgers, Transport Secretary, opens Road Transport Industry Training Board's new skills testing centre, Greenford, Middlesex.

PARLIAMENTARY BUSINESS

House of Commons: Consolidated Fund (Appropriation) Bill.

House of Lords: Transport Bill and Parliamentary Pensions Bill, consideration of Commons reasons. Family Income Supplements (Computation) Regulations 1978. Rateable Value Orders (Scotland). Valuation List (Second Postponement) Order 1978.

Select Committee: Joint Committee on Statutory Instruments (4.15 pm, Room 4).

COMPANY RESULTS

Final dividends: Arlington Motor Holdings; Dyson (J. and J.); Hales Properties. Interim dividends: City Offices; Smallshaw (R.) (Knitwear); Westinghouse Brake and Signal.

COMPANY MEETINGS

Bristol Evening Post, Temple Way, Bristol, 12. London and Northern, Essex Hall, Essex Street, WC, 3; Sutcliffe Speakman, Midland Hotel, Manchester, 12.30.

OPERA

English National Opera production of The Magic Flute, Coliseum Theatre, WC2, 7.30 pm.

Glyndebourne Festival Opera in Cosi fan tutte, Lewes, East Sussex, 5.30 pm.

BALLET

Batsheva Dance Company, with Galina and Valery Panov, Royal Festival Hall, SE1, 7.30 pm.

MUSIC

Chilingirian String Quartet, Clifford Benson (piano), in programme of Haydn (String Quartet in C); Mendelsshon (String Quartet in A); and Schumann (Piano Quintet in E flat), Wigmore Hall, W1, 7.30 pm.

CITY CEREMONY

Traditional ceremony of Cart Marking, Guildhall Yard, EC2, between 7 am and noon.

EXHIBITIONS

National Postal Museum, King Edward Street, EC4. Open 10 am-4.30 pm, Monday to Friday.

Museum of London, London Wall, EC2. Open 10 am-6 pm, Tuesday to Saturday; 2 pm-6 pm, Sunday.

SPORT

Tennis: British junior championships, Eastbourne. Yachting: Cowes Week.

COMPANY NEWS

Higher interest hits Coral at midway

AN INCREASE in interest from £23,000 to £1.89m, the result of recent acquisitions, left pre-tax profits of Coral Leisure Group £0.11m lower at £7.48m in the first half of 1978.

However, having regard to the high occupancy and booking levels for the group's holiday villages and hotels, both at home and abroad, and taking into account current trading results and projections for all other divisions, the Board is confident that the second half of the year, as compared to the corresponding period which gave £10.95m, will show a substantial increase in profits.

Turnover for the first half rose from £89m to £136m and trading profit showed a £1.75m advance at £9.37m.

It is the directors' intention, as in previous years, to declare an interim dividend early in November. Last year's total payment was equivalent to 6p net.

As was pointed out in the chairman's 1977 statement, the first half of the year will now be expected to show considerably lower profitability than the second half of the year due to the seasonal nature of the trading activities of Pontin's and to a lesser extent, Centre Hotels.

The results of Pontin's, included in the figures, represent a deficit of approximately £1m, this is after taking into account interest of some £1m relating to the acquisition of Pontin's, including notional interest in respect of the period January 1, 1978 to the effective date of payment.

During the period all principal trading divisions with the exception of London Casinos produced satisfactory profit contributions arising from higher turnover. London Casinos are, as predicted, experiencing a levelling-off of revenue, but the Provincial casinos are operating ahead of plan.

Mr. Nicholas Coral, chairman, said later that over the first half there had been a setback in the results from the group's casinos—but he was not prepared to quantify this.

"The high-rolling punters appear to have arrived later this year and possibly in smaller numbers," he commented, but said the results had shown an improvement again over recent weeks.

A recovery for casinos was looked for in the second half. It was unlikely that profits would match the 1977 total, but the shortfall would probably not be significant.

For Pontins, the group is looking for trading profits over the whole of this year of more than £8m before taking account of interest charges on the acquisition. Over the full year these financing costs are expected to total around £2m.

The chairman was not prepared to disclose the size of the profits contribution from Centre Hotels although this was said to be up on the same half of last year.

Commenting on the Royal Commission report on gambling and its recommendations for casinos, Mr. Coral said he did not believe the changes proposed would be enacted.

The recommendations were likely to prompt the Chancellor to look at the possibility of duty increases. But he thought it unlikely that these would be more than double current levels. An increase of this size would probably mean around £1m in profit terms off the casino operations.

The British Casinos Association was now planning to make formal representations to the Treasury over the commission's recommendations.

	Six months 1978 £000	1977 £000
Group turnover	136,000	89,000
Trading profit	9,369	7,816
Interest payable	1,889	23
Pre-tax profits	7,480	7,993
Tax	3,366	3,945
Net profit	4,114	3,045
Minority profit	341	333
Attributable	3,773	[illegible]

See Lex

INDEX TO COMPANY HIGHLIGHTS

Progress for Crossfriars

After interest and expenses, revenue of Crossfriars Trust progressed from £531,761 to £561,808 for the year to June 30, 1978, subject to tax of £190,588 against £187,323.

Gross revenue was better at £635,516 (£592,081). A final dividend of 2.35p raises the total payment from 3.3p to 3.7p net per share.

Net asset value is shown at 105.53p (95.05p) per 25p share.

Slump at AA Asphalt

WITH the second half contributing only some £1,400 compared with £0.5m, pre-tax profits of Anglo American Asphalt Co. finished the year to March 31, 1978, around £0.75m lower at £255,359.

Mr. Digby Burnell, chairman, explains that the principal cause of the profit fall was delays or cancellations on pipeline projects.

However, he is confident that demand for the company's products will be restored in the next few years.

The need of developing countries to make the most of their oil and gas resources should lead to this restoration as their pipepipeline projects are constructed. This is confirmed not only by recently published reports but also by enquiries and new orders the company has received.

The total dividend per 25p share is stepped up from 2.404p to 2.693p with a net final payment of 1.62p.

	1977-78 £	1976-77 £
Turnover	2,955,173	4,056,143
Profit before tax	255,359	1,006,307
Tax	76,739	447,417
Profit after tax	178,620	560,590
Extraordinary credit	—	13,724
Preference dividends	3,600	5,600
Attributable	173,020	569,014
In group	95,193	565,390
In associate	77,827	[illegible]

Mr. Burnell reports that the group's balance sheet remains healthy. Liquidity is strong and stocks levels, which were abnormally high at the close of the year, have been reduced.

The associated company, W. and J. Glossop, completed another satisfactory year's trading and the book value of the company's investment in Glossop stands at £618,229 against a current market value of £826,885.

The group's net tangible asset value is 70p per share.

D. F. Bevan advances to peak £0.3m

FOLLOWING A £5,000 gain to £70,000 at midway, pre-tax profits of D. F. Bevan (Holdings) advanced from £211,739 to a record £301,184 for the year to March 31, 1978. Turnover was better at £7.68m against £6.73m.

Profits were after interest of £59,959 (£67,289), and included a £5,272 (£10,682) share of associates' losses. Tax took £143,063 (£107,612), minorities £219 (nil) and there was an extraordinary credit of £96,209 (£5,330 debit).

Basic earnings per 5p share are shown ahead from 3.51p to 4.02p and fully diluted from 2.38p to 3.26p. The dividend is stepped up to 1.35117p (1.21p) net—certain directors and members of their families have waived their payments.

The principal activities of the group are non-ferrous metal trading, ferrous and non-ferrous casting, manufacture of sanitary fittings and commodity broking.

Sogomana paying 2.25p more

FOR THE year 1977 Sogomana Group is lifting its dividend by 2.25p to 6p net per 10p share, with a final of 4.5p.

The group produces natural rubber, oil palms and cocoa from estates in Malaysia, and is not subject to UK dividend control.

Profit for the year rose £32,689 to £515,810, after showing an advance of £80,000 at the nine months' stage.

Tax takes £227,755 (£246,335) leaving the net profit at £288,055 (£236,786), to which is added this time a £39,847 net gain on the sale of land.

Pension funds growth at Standard Life

Continued growth in pension fund investment management is reported by Mr. A. M. Hodge, chairman of Standard Life Pension Funds, a member of Standard Life Assurance. Funds under management increased by nearly one-third from £123m to £162m in the year to May 1978 and 14 new clients made use of the services provided by the company.

The property fund stood at £23.2m at the end of the year and its unit price rose by 28 per cent over the period bringing the total rise since inception in September 1974 to 90 per cent. About £1.6m was invested in property last year—the property portfolio amounting to £19.2m is split as to offices 34 per cent, shops 35 per cent and industrial 31 per cent. Over 23 per cent of the property is situated in Scotland.

Current rental income on the 41 properties held by the fund amounts to £1.2m and is expected to rise to £1.5m by 1982. Cash on deposit totals £4m which together with future rental income will be used to meet commitments of £3.2m. The company is drawing the attention of pension fund managers unable to build up their own balanced property portfolio to the advantages of using this fund for direct property investment.

The mixed fund of equities and fixed interest rose in value to £73.3m from £57.2m. During the year the proportion held in fixed interest was reduced from 40 per cent to 35 per cent and the amount in UK equities increased by 10 points to 48 per cent. The overseas equity content was lifted slightly to 13 per cent, while the cash holdings were reduced significantly. The managers point out that it is their intention to maintain the proportion of the fund held overseas, a substantial part being in U.S. equities. They also intend to maintain the proportion held in UK equities.

The equity and fixed interest funds remained small during the year, showing that the clients prefer the company to arrange the mix of investments between equities, fixed interest and property. The equity fund increased to £4m from £3.6m and the fixed interest from £1.6m to £1.9m.

London & Manchester rise

New life business of London and Manchester Assurance, together with Welfare Insurance, showed a substantial rise in most branches for the first half of the year. New annual premiums for life business in the ordinary branch rose by nearly 30 per cent to £2.1m and single premiums by one-third to £235,000. New annual premiums on pensions and annuities more than doubled to £499,000 and single premiums showed a similar growth rate in reaching £237,000. However, single premiums for investment trust retirement annuities fell substantially to £46,000.

On the industrial branch, new annual premium went ahead by 20 per cent to £1.8m providing sums assured that were also 20 per cent higher at £23.7m.

The company also reports a much higher level of premium income being received by its main fund and by that of Welfare. Total premium income to London and Manchester in the ordinary branch amounted to £6.5m against £5.9m in the corresponding period last year, while that in the industrial branch rose to £7.1m from £6.4m. Premium income in the general branch amounted to £1.7m against £1.5m. Welfare had premium income of £5.4m against £4.6m.

MONT GRAS D'EAU INVESTMENTS

We have been asked to point out that there is no connection between Mont Gras d'Eau Investments of St. Brelade, Jersey, and Gras D'Eau Consultants, the Jersey consultancy company reported on July 20 as having been linked with a takeover deal which attracted City Take-over Panel criticism.

Giltspur sees continued growth

GIVEN A reasonable economic climate in the foreseeable future Mr. Maxwell Joseph, chairman, expects Giltspur to continue to make progress in the current year.

For the year to March 31, as reported on June 30, pre-tax profits improved 45 per cent to £3.22m on turnover 13 per cent higher at £73.4m.

A divisional analysis of turnover and trading profits shows (£000s omitted): Bullens Freight £19,780 (£18,668) and £1,451 (£1,187); Engineering £3,882 (£3,372) and £166 (£67); Expo Industries £15,492 (£15,814); and £1,293 (£1,002); Motor Industries £34,104 (£27,075) and £1,230 (£1,015); Service and property companies £139 (nil) and £9 (£41 loss).

Mr. Joseph reports that the process of strengthening the major trading companies within the group has continued, and coupled with effective cost-saving exercises on overheads the company has strengthened its competitive position in the market place.

The freight companies continue to increase their range of services which they offer both at home and abroad, and new depots have been opened to provide improved services to their customers. This applies particularly to the mail order distribution business.

Additional branches have been established to enable the packaging group to expand its activities throughout the UK, and in spite of fluctuations in demand from major export customers, it has had another successful year.

Engineering interests have made significant progress although the results were hindered to some extent by a prolonged move of the precision sewing machine company into new modern premises in Nottingham. The benefits of this move should be forthcoming during the current year. Demand for the company's skilled engineering design teams has improved in recent months and the strengthened management of this company can take advantage of the improved conditions in the capital investment field, where the company has been awarded several major design projects.

The international exhibit and display services continue to strengthen their organisations and produced substantially increased results. The profit figures include the trading losses of the French exhibition hire activities up to August 31, 1977, when trading involvement in those activities ceased. Demand for exhibition space and services remained high throughout the UK and the success of the National exhibition Centre at Birmingham has increased considerably the amount of exhibition space available to the exhibitors.

The display company broadened its international base by appointing additional distributors throughout the world, especially in Japan and Australasia.

In the U.S. the consolidation and expansion of exhibition interests continued and additional showrooms were established in the major centres to advertise the group's range of services and display products.

The group's various distribution sales outlets for both cars and trucks throughout the U.K. experienced an uplift in demand during the year in spite of highly competitive conditions. The ability to provide tailor-made bodies to customers' requirements helps to maintain motor business on a strong platform, says the chairman.

On a current cost basis, pre-tax profit is given at £2.44m, after adjustments for depreciation £613,000, cost of sales £736,000, interest £926,000 and gearing £383,000.

The group exported goods amounting to £1.34m (£1.44m) during the year.

A statement of source and application of funds shows a £1.53m increase (£1.06m decrease) in working capital.

The AGM of the company will be held at the Piccadilly Hotel, W. on August 22 at noon.

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ISSUE NEWS AND COMMENT

Wearwell rights to raise £0.75m

Clothing manufacturer Wearwell is making a £¾m rights issue underwritten by three investment trusts and Strong and Fisher, a supplier of leather, which intends to increase its holding in Wearwell, from 9.8 per cent to 20 per cent.

Wearwell also released full-year figures yesterday showing a sharp recovery in profits. Again there is no dividend but a payment is contemplated for the current year.

The rights issue is on the basis of 27 new ordinary shares for every 100 shares held at 25p each. In the market the shares held steady at 31p.

Apart from Strong and Fisher, the issue has been underwritten by the London Trust Company, Moorside Trust (both managed by Rivermoor Management Services) and CSC Investment Trust.

At present these trusts have combined shareholdings in Wearwell amounting to 13.5 per cent (London and Moorside 11.5 per cent and CSC 2 per cent). The trusts will be taking up the rights and their holdings could increase to 19.7 per cent of the enlarged capital depending on the outcome of the issue.

Strong and Fisher first took a stake in Wearwell's capital last August and already has Board representation.

S and F has agreed to subscribe for the shares due to it under the terms of the issue. In addition it will subscribe for the new shares being offered to the directors. They control 35 per cent of the equity, but have passed on all their rights entitlement to S and F.

S and F has also undertaken to subscribe for a specified number of additional shares not taken up by the public in order to take its stake in Wearwell up to 20 per cent, giving it associate status.

Small shareholders currently account for 40 per cent of Wearwell. Should an insufficient number of shares be left in order to take S and F's stake up to the agreed level, certain directors of Wearwell will sell part of their holdings at 25p to S and F.

Mr. Edward David Grant Davies is chairman of all three investment trusts as well as Strong and Fisher. London Trust owns 7.5 per cent of S and F, and the other trusts also have small holdings.

The Take-Over Panel has confirmed that subject to the approval of these arrangements by other shareholders there would not be any obligation to make a general offer for Wearwell under Rule 34 of the City Code.

Full-year figures to May 5, 1978, show sales up from £4m to £5.1m and trading profits increased from £85,983 to £332,432. The latest figures include £32,797 interest capitalised on a freehold property. If a similar adjustment was made for the preceding period the trading profit would have been £150,506.

This interest relates to a freehold property not used by the company. Interest was not capitalised in the previous year because of the uncertain state of property values. The directors are now confident that the property in question has a market value in excess of book value. Ultimately the property will be used for the company's own business.

After tax credits of £119,308 (£383,400) net profit is shown at £451,741 (£479,383). Earnings per share before tax are 2.8p (0.8p) and after tax 3.5p (4.4p).

Exports amounted to £2.28m (44 per cent of sales) compared with £0.52m (13 per cent).

Currently turnover is double that achieved over the same time last year.

Wearwell has been advised by Singer and Friedlander.

● comment

Thanks to buoyant exports the recovery at Wearwell has really got under way. However financing exports has put the balance sheet under further pressure. A year ago net debt equalled £1.4m against shareholders' funds of £1.2m. Borrowings have fallen by a £1m since then but debtors have shot up reflecting the jump in exports and ECDG borrowing has been used to offset this. The ECDG debt is probably more than the £1m fall in other borrowings. So financing is still under strain and Wearwell needs a cash injection if it is going to continue expanding. The company is talking in terms of turnover over £10m this year, which could mean profits as high as £1m. Fully taxed earnings could be around 2½p per share and assuming a dividend covered twice, the yield at 31p would be around 6 per cent this year. It still looks a high rating though the latest developments may only increase speculation regarding the long-term relationship with Strong and Fisher.

NORTHAMPTON PLACING

Northampton Borough Council is placing privately an issue of £5m variable rate redeemable stock 1983 at £99½ per cent.

This is the largest local authority placing since the Bank of England changed the rules on July 17 disallowing issues of under £3m and over £7m. Previously only placings of up to £3m were permitted.

Interest is payable on February 3 and August 3 with a first interim payment of £5.4987 per cent on February 3, 1979.

Brokers to the issues are J. and A. Scrimgeour.

KELLOCK

Dealings resumed in Kellock under rule 163 (2). The ordinary shares started trading at 25p and climbed upwards to close at 38p.

Property Partnerships £641,000 cash call

Property Partnerships, the East Anglian property development group, is raising £641,500 net by way of rights on a one-for-four basis at 94p each.

The proceeds will be used to consolidate the financial position and part-finance a £600,000 extension to the Hotel Nelson, Norwich.

At the annual meeting yesterday, resolutions were passed to increase the authorised capital from £0.8m to £1m by the creation of 0.8m ordinary shares of 25p.

Dealings (nil paid) in the new shares will start today.

The rights price is payable in full on acceptance by August 21.

The new shares will not carry the right to receive the final dividend of 0.957p net per share in respect of the year ended March 31, 1978. In all other respects they will rank pari passu with the existing ordinary.

The directors expect to recommend dividends for the current year to March 31, 1979 totalling 2.5p net or 3.75p gross: an increase of 42 per cent.

For the year ended March 31, 1978 profits before tax increased by 42 per cent to £0.31m. Mr. Raymond King, chairman, states that he is confident about the continuing growth of the business.

The accounts show that the recent revaluation of the company's portfolio of properties resulted in a gross surplus over book value of approximately £2.3m, and that the net assets after the revaluation are equivalent to 195p per share (before deducting potential liability to capital gains tax of 33p per share).

The rights issue has been underwritten by J. Henry Schroder Wagg. The brokers to the issue are Cazenove.

L & G international division

Legal and General Assurance Society is to set up a separate international operations division to be operative from October 1. The new division will co-ordinate the planning, liaison and control of the group's international activities and will be responsible for overseas branches, agencies, reinsurance inwards and home foreign business. It will also be responsible for liaison with the overseas operating subsidiary and with the Victory Insurance Group.

The company has been expanding its overseas business quite rapidly over the past few years in all branches of the business, but mainly in non-life. The latest move rationalises the present procedures for handling overseas operations.

Scotcros

Mr. W. R. Alexander, chairman of Scotcros, told the annual meeting that he expected improved results for the current year.

The group was equipped for a sustained period of organic growth. "I believe we were right to concentrate all the cost of change into one financial year," he said.

Mr. Alexander confirmed that the Caltrex plastic sheet-making plant was no longer a drain on profits, although that equipment was not performing to specification.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo Am. Asphalt	1.62	Sept. 21	1.43	2.69	2.4
D. F. Bevan	1.35	—	1.21	1.35	1.21
Crossfriars Trust	2.35	Oct. 6	2.05	3.7	3.3
Kuala Lumpur Kepong ‡int.	0.08	Oct. 2	0.05	—	0.13
Sogomana Group	4.5	—	2.75	6	3.75
Stott Bros.	3.5	—	3.5	3.5	3.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. ‡ Malaysian dollars throughout.

Greencoat marginally down at six months

ALTHOUGH REVENUE was higher at £1,225,000 against £786,000, taxable profit of Greencoat Properties fell marginally from £12,000 to £7,000 for the six months to December 31, 1977.

After tax of £44,000 (£40,000) and minorities of £19,000 (£16,000), attributable loss increased from £44,000 to £56,000. Again no interim dividend is to be paid—the last payment was a single 0.13p net for 1974-75.

The directors say a comparison of first-half results with those for the second-half is normally misleading due to the effect on profits of the timing of sales of dealing properties.

However, they are confident that the full-year operating profit will exceed that now reported.

For the whole of the 1976-77 year, the company incurred a pre-tax deficit of £4.63m, which was after charging a £4.76m loss on the Grancanal development.

The group's UK activities continue satisfactorily and rent reviews have had a positive impact on group revenues, the directors state. The market for sales has remained firm, which has enabled them to pursue a policy of selective sales to finance the continuing cost of funding the Grancanal development.

They say that further progress has been made in resolving the problems resulting from the cancellation of the building permit for Grancanal.

New building permits have been granted on the basis of a reduced density, while the Ministre de l'Equipment has now entered into the agreement to pay compensation previously referred to and FFrs 12.4m cash has been paid.

Although the validity of the new permits has been challenged by Parisian ecologists, the company's lawyers in France advise that the French courts will confirm the validity of the permits and the French court recently dismissed an application for an injunction to prevent further construction on the site.

Sales of apartments have been recommenced and the directors hope to comply with its timetable for completion of construction and sales by the end of 1980.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—City Offices, English and New York Trust, W. N. Sharpe, R. Smallshaw (Knitwear), Westinghouse Brake and Signal.

Finals—Acorn Securities, Arlington Motor, J. and J. Dyson, Ex-Lands, Hales Properties, Unitech.

FUTURE DATES

Interims—	
Dunkie Hotel	Aug. 10
East Lancashire Paper	Aug. 3
Evode	Aug. 17
Guardian Royal Exch. Assurance	Sept. 6
Renold	Aug. 8
Finals—	
Priest (Benjamin)	Aug. 8
Walsham's	Aug. 4

Dundonian expands in first quarter

Current profitability of Dundonian was advancing satisfactorily, with the first quarter well ahead of last year, reported the chairman, Mr. Max Lewinsohn, to the annual meeting. He expected the first half to show another significant profit increase.

The programme of capital investment would continue, the policy being to concentrate on the development of present interests, with a view to consolidating upon a sound base and optimising existing potential.

The chairman said of special note were the mining interests which now had sufficient tin and tungsten reserves to consider commercial development on a modest scale. However, recent exploration had proven that the longer term potential was large, with target ore reserves of several million tons. On this scale there might be advantages in developing the area jointly with an experienced mining partner, and a number of proposals were, at present, under active consideration.

Randalls Group starting to pick up

At the annual meeting of Randalls Group, the chairman, Mr. C. R. Randall said: "Overall, the very adverse effects on our trading performance as a consequence of restructuring appear to be behind us, and I am hopeful that there will be a further improvement in performance in the second half of the year."

Merchant and retail trading had its best month in June, merchant company sales were running at about 11 per cent above 1977 for the year as a whole and were 22 per cent up in June. Norlond sales were only 2 per cent up on the year, in other words there had been a decline in volume, but sales were up in June, and more encouraging.

It had been considered a first priority that the Norlond margins, eroded in the early part of 1977, should be restored and the indications were that this has been achieved, although to some extent at the expense of volume.

The progress of Randalls Fabrication were being maintained and prospects were satisfactory, sales for the six months to June 30 were 42 per cent up on 1977.

MINING NEWS

Hudbay buys stake in tantalum-lithium

BY KENNETH MARSTON, MINING EDITOR

AFTER a poor first quarter when there was a loss of C$1.64m (£763,000), the Anglo American Corporation group's Canadian Hudson Bay Mining and Smelting has achieved a second quarter net income of C$4.36m before extraordinary items. The improvement reflects the substantial seasonal earnings of Terra Chemicals.

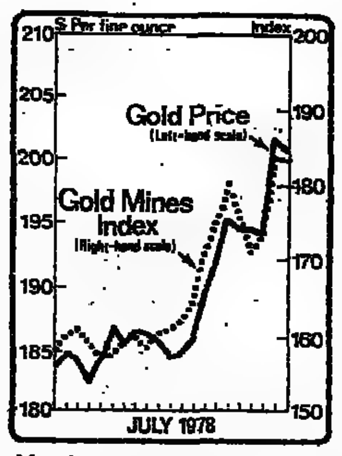
Earnings for the first half of the current year thus amount to C$2.72m, or 27 cents per share, compared with net income of C$7.39m a year ago. In the second quarter of last year there was also a C$32m gain on the sale of the Sylvite potash division to the Saskatchewan Government.

Hudbay says that despite the improvement in second quarter results, the loss incurred in the first three months reduced earnings for the half-year to a level that does not justify a resumption of quarterly dividends.

Meanwhile, Hudbay's offer to purchase 50.1 per cent of Tantalum Mining Corporation of Canada (Tanco) has been accepted by the receiver and manager of International Chemalloy subject to certain conditions and approvals.

Tanco operates a tantalum mine at Bernic Lake, about 15 miles north-east of Winnipeg, which also has substantial undeveloped reserves of lithium; growth of lithium demand has been put at between 6 per cent and 8 per cent annually over the next four years.

Under the Tanco deal Hudbay is required to sell sufficient shares in that company to Kawecki Berylco Industries of New York to raise Kawecki's stake in Tanco from 24.99 per cent to 37.5 per cent. Accordingly Hudbay and Kawecki will equally share 75 per cent of Tanco—subject to Federal Government approval—and the remaining 25 per cent will continue to be held by the Crown-owned Manitoba Development Corporation.



After last week's excitement, gold and gold shares opened on a subdued note yesterday. Bullion eased to $198.90 per ounce at the morning fixing, but later in the day the price picked up and was finally $200⅝, or $1 below Friday's closing level. Share prices followed a similar pattern; initial losses were mostly erased when a revival of U.S. demand accompanied the firmer bullion price. Consequently, the FT Gold Mines index was virtually unchanged at 183.3.

The supplies have been stopped by an unofficial strike of mill workers who are seeking negotiations on a new bonus scheme.

Production of ore and concentrates has already been halted because of the absence of explosives. The company previously warned its 800 employees that it is in a serious financial position owing to the low price of zinc.

STRIKE HITTING NAVAN MINE

Fears of a close-down at Tara Exploration's big Irish lead-zinc mine at Navan in County Meath increased yesterday when the delivery of explosives to the property was again halted for the third day running, reports our Dublin correspondent.

SELTRUST LINKS WITH NW MINING AND HAOMA GOLD

London's Selection Trust is linking with two of the small Australian companies involved in the diamond prospecting rush in the West Kimberley region of Western Australia, reports Don Lipscombe from Perth.

The Stock Exchange of Perth has been informed that Australia's North West Mining and its partner, Haoma Gold Mines, have accepted a letter of intent from AS Mining Ventures, a wholly-owned subsidiary of Selection Trust.

The three companies have defined an "area of influence" which includes 157 of the mineral claims acquired by North West-Haoma in the West Kimberley Gold Field. AS Mining may earn a 60 per cent interest in the venture by spending A$2.7m (£1.63m) on exploration work.

It is added that: "AS Mining Ventures will manage the exploration programme for diamonds. Further airborne surveys and ground work, including rotary drilling, will be carried out this season." In London yesterday, North West Mining were 44p, Haoma 60p and Selection Trust 434p.

Samancor down at half-year

SOUTH AFRICA's biggest producer of manganese and a major producer of ferro alloys, SA Manganese Amcor, reports a sharp fall in profits for the six months to end-June. At the pre-tax level, the figure is down from R40.1m (£24.2m) to R17.1m. For the full year to last December, Samancor showed R61.2m, so the latest figures are a further decline on the depressed results in the second half of 1977.

Moreover with capital spending slowing down, the tax rate is up from 38 per cent over 1977 to 47 per cent in the half year just passed. Hence, earnings per share in the latest period fell to 30 cents against 132 cents for 1977 and the interim dividend has been cut from 20 cents to 15 cents. Last year, Samancor paid a total of 65 cents but in the current year, if the final is scaled down pro rata with the interim, the total should be 50 cents or just under.

However, this could be too optimistic and some analysts' projections range as low as 30 cents in total for 1978, reports our Johannesburg correspondent. Much will depend on the level of demand over the second half. The board says the lower rate of profits will continue until there is a "marked improvement" in demand. It adds that the timing "is uncertain and in any event is unlikely to eventuate before the third quarter of this year."

OIL AND GAS NEWS

Statoil makes strike in Statfjord Field

STATOIL, THE Norwegian state group, has struck oil in the Statfjord field, northwest of Bergen, a spokesman in Oslo said yesterday.

The find is in Block 34/10, known as the Gold Block on a supposition that it contains more oil and gas than the Ekofisk field further south.

The well has not yet been completed. "It is not possible at the present time to evaluate the significance of the hydrocarbon discovery," the spokesman said.

Statoil has 85 per cent of the rights to the block and is the operator. The other companies involved are Norsk Hydro with 9 per cent and Saga Petroleum, a private Norwegian company, with 6 per cent.

* * *

TWO NEW OILFIELDS in the Gulf will come on stream shortly, according to a statement from the National Iranian Oil Company. They are near Bandar Langeh and tankers will have specially-constructed loading facilities on a nearby island.

The fields have been developed by Sofiran, a French company set up under an agreement between Elf-Aquitaine and Iran.

Initial production is set at 2.5m tons a year, rising to 3.5m tons later. About 16 per cent of the output will be purchased by Elf-Aquitaine under the terms of [illegible] agreement signed with NIOC, the statement said.

* * *

Norwegian offshore gas and oil production could more than double this year to more than 30m tonnes from 14m tonnes in 1977. This is indicated in a survey prepared by the Oil Directorate in Oslo.

Output in the first half of the year at 14.2m tonnes was running at more than double last year's levels, boosted by the appearance in the statistics for the first time of natural gas from the Norwegian section of the Frigg Field.

But the main source of production was Ekofisk where the combined output of oil and gas was 12.6m tonnes during the 1978 first half.

* * *

Deminex, the German group, and Compagnie Francaise des Petroles/Total, with Argentinian concerns, have signed a contract for exploration rights over 10,655 sq km off the east coast of Tierra del Fuego for a period of nine years.

The contract, which awaits the approval of the Argentine Government, was signed with the State oil company, Yacimientos Petroliferos Fiscales.

No financial details were available but the group is committed to a minimum investment of $15.9m over the first four years.

The Argentinian companies involved are Bridas with 20 per cent and Arfranco with 5 per cent, leaving Deminex and CFP/Total with 37.5 per cent each. The manager is CFP/Total.

* * *

Texaco Canada, the result of an amalgamation between Texaco Canada and Texaco Exploration Canada, announced 1978 first half profits of C$77.2m compared with C$70.2m for the same period of last year.

Gross revenue increased to C$948.2m from C$819.7m, with producing operations making the main contribution to an increase in earnings. Refined product prices, especially in eastern Canada, softened during the first half, while intense competition prevented the full recovery of cost increases.

Over the first six months of the year, the group participated in the completion of 38 wells, mainly in Alberta. Of the total, 30 were completed as natural gas wells, five as oil wells, while three were dry.

PUBLIC NOTICES

CITY OF BRISTOL
£2,500,000 issued 31st July, 1978 due 30th October, 1978, at an average rate of 9.121875% p.a. Applications totalled £23,000,000. No other Bills are outstanding.

LOCAL AUTHORITY BILLS
£375,000 of Bath City Council issued on 19.7.78, maturing 18.10.78 at 9[illegible]%. Applications totalled £3,375,000 and there are £375,000 worth of Bills outstanding.

BIDS AND DEALS

Electronic Rentals move for Australian growth

In a £5.8m two-part deal, Electronic Rentals has substantially increased its penetration of the Australian television rental market.

The first part of the deal has involved Electronic buying a 55 per cent stake in Visionhire, an Australian television rental company, from Australian Guarantee Corporation, for £1.6m (A$2.75m), the payment being spread over 12 months. Electronic already owned 25 per cent of Visionhire.

In the second part, Visionhire is to buy Trident Television, a rival rental company which is 77 per cent owned by Trident Television of the UK. The price for Trident is £3-4m in cash spread over five years, and Visionhire will additionally take on £800,000 of inter-group debt.

According to Electronic, the deferred payment basis for taking over Trident will mean that the deal is self financing out of cash flow.

In fact, Trident is only just about breaking even at present. In its last year to September, it lost A$100,000 pre tax on a turnover of A$11.4m, bringing its total losses for the past three years up to A$3.2m.

Visionhire, on the other hand, made pre-tax profits of A$½m in the year to March on a rental turnover of A$6.9m.

Separately the two companies are of much the same size. Each has 12 branches in the main Australian cities and each has around 25,000 subscribers. Electronic believes that rationalisation of the branches, which could double the density of sets in each outlet, will lead to a rapid impact on profits of much the same order as recent acquisitions in Ireland (where profits doubled in 12 months) and West Germany (where losses were soon turned to profits).

Trident's UK parent also agreed that rationalisation was necessary in the industry.

● James Forth writes from Australia: The A$65m a year television rental market in Australia is dominated by Radio Rentals of the UK, which holds between 35 and 40 per cent. Visionhire, Trident and Canberra Television are the other three main competitors. The merger of Trident and Visionhire will give the combined business between 30 and 35 per cent of the market.

The directors of Australian Guarantee Corporation said they believed the large scale operation which would be created by the merger should more appropriately be controlled by worldwide experts in this field. ACG would continue to provide finance to the reconstructed television hire group.

Television rental companies have only 10 to 12 per cent of the television market in Australia, which has led to drastic price cutting.

£1.1m purchase by Brown and Jackson

Through a wholly owned subsidiary (E. and G. Harris) Brown and Jackson has agreed to buy 75 per cent of the capital of the Tigner Cos., a group of associated companies based in Harrow, Middlesex. Consideration is £1.1m payable as to £500,000 on completion and £600,000 in instalments with the last payment in 1984.

The vendors have warranted pre-tax profits for the three years to September 30, 1980 to be not less than £1.1m.

The Tigner Cos. are one of the leading importers and wholesalers of knitwear in the UK, with combined turnover of £8m and profit after tax of £482,492 for the year to September 30 1977. At that date net assets were £1,472,969.

The management team of the Tigner Cos. who continue to hold 25 per cent of the capital, continues unchanged.

Assoc. Biscuit expands in W. Germany

Associated Biscuit Manufacturers will pay £3.8m (DM 15m) to gain control of the West German mallow and wafer manufacturer, the Dickman Muchametow Group.

According to Dr. K. Bright, AB's chief executive, the acquisition is a "major step in our policy of widening our European interests." One important aspect was that the national distribution network of the Dickman Muchametow Group would provide opportunities for AB to increase its total sales in West Germany.

AB is getting 100 per cent of Dickman and 75 per cent of Erich Muchametow, the two companies which make up the West German group. Total net asset bok value of DM 7.35m is guaranteed under the contract and a professional valuation of fixed assets at May 1 showed an excess of market value over net book value attributable to AB's interest of DM 8.2m.

Based on the West German group's accounts, net profit after tax for 1977 attributable to AB's interest was DM 1,482,000 (£370,500). In time, AB's other West German subsidiary, Wesseke, will be tied into the new group.

St. Piran has 28% of Orme

The day after Comben announced its £10m bid for housebuilder Orme Developments, Saint Piran went into the market and bought 1m shares, bringing its stake up to about 28 per cent of Orme.

On Friday last week, Saint Piran bought ½m shares at 57p each and ½m at 58.4p each. Saint Piran therefore appears unlikely to accept the Comben bid which is worth 56.2p per share.

A spokesman for Comben said yesterday that the move was not altogether unexpected and the bid would nonetheless be made as it stands. He said that Comben had been in negotiations with Orme for a long time and knew what to expect from the profits figures which are due soon.

Comben's offer document will be sent to Orme shareholders within the next ten days, barring unforeseen problems. In it, the chairman, Mr. L. Roydon, is expected to criticise the behaviour of Mr. Bob Tanner and Mr. Peter Whitfield who last week agreed to sell a 22 per cent stake in Orme to Saint Piran for 55p per share in cash.

This price was not at that time available to other shareholders, although the shares have since risen to 57p in the middle following the sale of that stake and the Comben bid.

MINSTER HOLDERS TO DECIDE BMA SALE

The sale by Minster Assets of its British Midland Airways subsidiary for £2.88m to former directors, is to be decided by shareholders at a special meeting on August 18.

Despite the Minster board's recommendation it has decided that because the purchasers are erstwhile directors, and because the sale will result in lower profits for Minster, shareholders should be consulted.

In a document sent out yesterday BMA is shown as having produced pre-tax profits of £1.47m in 1977 but Minster says that airline companies' earnings are "notoriously volatile and unpredictable."

The board intends to reinvest the proceeds of the sale in the company's traditional businesses and related areas, though it does not pinpoint particular areas for expansion or acquisition.

NEWMAN DROPS WOOD BID

Newman Industries has failed to get control of Wood and Sons (Holdings), the pottery group. Yesterday, Newman announced that its offers for the ordinary and preference shares had lapsed with Newman obtaining acceptances from only 19.6 per cent of the ordinary and 22.1 per cent of the preference.

Woods' shares dropped 12p to 43p on the news.

Newman now owns 24.3 per cent of the ordinary shares and says it intends to increase this stake by further purchases through the market.

FRITH SUSPENDED AS TALKS GO ON

Objections to the terms on which Frith Foils is offering to take over W. G. Frith and Co. seem to have had an effect.

The adviser to W. G. Frith, James Finlay Corporation, is now in further discussions with Close Brothers the adviser to Frith Foils.

Finlay is also in discussion with the main objector to the terms, Corinthian Holdings. Corinthian wrote to all the shareholders of W. G. Frith on July 25 saying that the offer was too low both on grounds of earnings and assets.

A further announcement is expected next week. W. G. Frith has asked the Stock Exchange to suspend its shares in the meantime.

LADBROKE BUYS 24 BETTING SHOPS

Ladbroke Group has acquired for £1.4m cash the George Racing Organisation and its subsidiaries which operate 24 shops in the north west of England.

Mr. Peter George, managing director of Ladbroke's racing division, said the acquisition provides Ladbroke with good quality shops capable of substantial growth in localities where it was not currently trading.

HOWDEN SEVERS UNDERWRITING LINKS WITH ASSOCIATE

Alexander Howden Group, the international insurance broker, is severing its underwriting connections with a reinsurance company in which it holds a 20 per cent stake. The company—Community Reinsurance Corporation—is to set up its own underwriting agency to be personally supervised by Mr. Hugh Barnes, a Howden main Board director who intends to resign from Alexander Howden.

"The arrangement was arrived at amicably," said Mr. J. H. Carpenter, a deputy chairman of Alexander Howden, yesterday. Commenting on whether Howden would still be retaining its 20 per cent stake in Community Reinsurance Mr. Carpenter added that this "was subject to discussion."

Mr. Barnes is taking six of Howden's staff with him. Community Reinsurance, where Mr. Barnes is managing director, said yesterday that it was most appreciative of the support that it had received from Arpel Underwriting Agencies, the Howden subsidiary with which it had underwriting links, during the five years since its formation. "The close cooperation with companies in the Alexander Howden Group will continue in the future role of Community Reinsurance Corporation as an independent reinsurer."

Mr. Barnes joined the main Board of Alexander Howden in January of this year.

PREUSSAG/AMC

The West German Federal Cartel Office has indicated that it will have no objections to the takeover by Preussag, the Hanover-based non-ferrous metals and engineering group, of Amalgamated Metal Corporation.

This was stressed yesterday by Herr Guenther Sassmannshausen, the Preussag chairman. He also said that Preussag was "extremely satisfied" with the deal it has struck with Patino whereby it will acquire Patino's 53.4 per cent stake in AMC in return for giving up the 29 per cent it now holds in Patino.

Complications with the Cartel Office might have resulted from the 20 per cent stake held by AMC in Norddeutsche Affinerie, the Hamburg copper smelter in which the two remaining West German non-ferrous metals groups, Metallgesellschaft and Degussa, are the other partners. Norddeutsche Affinerie in turn owns 15 per cent of AMC.

Herr Sassmannshausen said that the two main attractions of AMC for Preussag would be the access which the German company would gain to the London Metal Exchange, of which AMC is a ring-dealing member, and the broadening of Preussag's own range of metals to include tin.

RIT may form offshore trust

THE FORMATION of a new open-ended offshore investment company is planned by Rothschild Investment Trust in which it is proposed to invest part of the £18.7m proceeds from the sale of the group's stake in the Magnum Fund.

The directors say that they consider it appropriate that RIT should continue to have a substantial investment exposure overseas. This is to be structured in as simple a form as possible and will account for a much less significant proportion of RIT's assets.

Accordingly, RIT is actively exploring, together with other investors, the formation of a new investment company to enable it to continue to take advantage of the investment attractions on Wall Street and special situations in foreign currency securities.

The original cost of RIT's 44.1 per cent stake in Magnum was £7.8m—the value at March 31 shows a 70 per cent increase on this at £13.2m while the proceeds from the sale represent an appreciation of 140 per cent over original cost.

Referring to the sale of Magnum the directors explain that although the performance of the Fund has been superior to most closed-end funds, the shares continued to trade at a considerable discount on underlying net asset value. A consequence of that success has been that the investment accounted for a large part of RIT's total assets—13.8 per cent at March 31.

Incorporating the estimated £18.7m sale proceeds from the sale of Magnum stake, the net asset value of RIT at July 11 was 325p pre-conversion and 295p post-conversion.

Group net revenue in the year ended March 31, 1978 showed an increase from £1.61m to £2.12m. Mr. Jacob Rothschild, the chairman says that the results reflect the success of the policy of taking significent stakes in companies or sectors with above average growth prospects.

Since the year end RIT has added to significant holdings in listed companies by acquiring 11.7 per cent of Godfrey Davis and 13.7 per cent on a fully diluted basis of Royal Worcester.

At March 31 significant holdings accounted for £35m (£31.22m) of total assets of £95.37m (£91.2m). Apart from Magnum these included Hume Holdings (27.2 per cent.) at £4.87m; Lep Group (20.4 per cent) £3.26m; Esperanza Trade and Transport (£17.2 per cent) £2.88m; Sotheby Parke Bernet (10 per cent) £2.67m; and London Sumatra Plantations (10.9 per cent) £2.26m.

Included under the heading of other large holdings are London and Scottish Marine Oil with a value of £2.2m; Harrisons Maylaysian Estates £1.68m; Shell Transport and Trading £1.33m; and Brtish Petroleum £1.16m

An analysis of 1977-78 income by sector and the attributable percentage of the total portfolio is given in the table.

	% of Portfolio 1978	% of Income 1978
Magnum	20.08	11.71
Financial trusts	10.61	13.71
Service companies	9.49	[illegible]
Oil & natural resources	9.01	14.08
Plantations	8.79	[illegible]
Banking	[illegible]	[illegible]
Motors and transport	6.42	3.92
Misc. industrial	[illegible]	[illegible]
Gold & mining finance	3.60	[illegible]
Insurance	2.99	4.19
Engineering	[illegible]	[illegible]
Paper, printing, etc	2.48	1.99
Foreign governments	[illegible]	[illegible]
Food	2.20	1.71
British funds	[illegible]	[illegible]
Property	1.94	[illegible]
Chemicals, etc.	1.18	2.12
Tobacco	[illegible]	[illegible]
Hotels and Catering	0.92	[illegible]
Corporation stocks	[illegible]	[illegible]
Totals	100.00	100.00

Reviewing the interest in unlisted investments the directors report that Anglo Leasing pushed profits up from £505,000 to £808,000 and is expected to forge ahead in the current year. The rise in interest rates has been alleviated by the securing of a large proportion of finance in the form of fixed interest medium-term loans.

RIT European Properties incurred a loss of £1.58m in the year and will make a further, although smaller, one in 1978-79. The property has been revalued and shows a redution of about 20 per cent from book value—at the year this is shown to be down from £5.26m to £4.7m. The provision in respect of the investment in this company is shown at £1.96m.

RIT holds some 18 per cent of New Court Natural Resources; this company is now actively considering its future following the merger of one of its major investments in the U.S. with a listed company.

Group investments at the year end had a value of £65.00m (£56.40m)—the excess of market value over book was £0.82m (£7.35m).

See Lex

Braham Millar expects further overseas growth

WHILE THE year ahead for the Braham Millar Group will not be without its problems Mr. R. B. Ogden, the chairman, looks forward to further progress.

Demand is satisfactory with the volume of home sales again approaching that of exports. Foreign markets are being progressively widened — the Middle East still provides a steady flow of orders and new sales areas there are constantly being opened up.

The group is beginning to make an impact on the Far East; sales and prospects in the U.S. are encouraging and steps have been taken to meet demand from South America.

Against a background of continuing intense worldwide competition and the restrictions imposed on output by the shortage of skilled labour the group managed to push up profits, before tax, by 12 per cent to £1.09m in the year ended March 31, 1978.

Group sales rose from £8.44m to £9.02m. The value of goods exported from the UK was £4.8m (£5.4m)—EEC countries 15 per cent (10), other European countries 2 per cent (same), Africa 19 per cent (13), Middle and Far East 61 per cent (74), North and South America and West Indies 3 per cent (1).

The chairman points out that the extensive rebuilding of Millars' works at Bishop's Stortford considerably disrupted production there but the effect on profits was offset by improved productivity at some other units.

Capital expenditure during the year amounted to £1.10m including the purchase for £244,000 of the freehold interest in a property previously held on long lease. Commitments and authorisations at March 31, 1978, totalled £420,000.

The capital expenditure at Millars has now, as expected, absorbed most of the funds held on deposit a year ago but borrowing facilities remain ample for the foreseeable future. The group continues to hold a substantial volume of undiscounted bills receivable (£706,607 at the balance sheet date). Deposits on short call at the year end stood at £225,000 (£1.05m) while the overdraft was up from £28,000 to £183,000.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Carborundum profits aid Kennecott

BY DAVID LASCELLES — NEW YORK, July 31.

THE TWO largest U.S. copper producers today reported further declines in earnings due to the weakness of the copper market.

Kennecott Copper's earnings were $3.4m, equal to 10 cents a share, less than one-third of the $10.5m or 32 cents a share earned in the same quarter last year. The average price received for copper was 61.3 cents per pound against 69.4 last year.

However, these figures are misleading since 1978 sales include those of the Carborundum Company, which Kennecott acquired at the beginning of the year. Earnings from the new subsidiary "were sufficient to offset the decline in copper prices," Kennecott said. The quarterly breakdown shows that of total sales of $488.4m, Carborundum contributed $202.7m. Kennecott's sales in the second quarter of 1977 were $281.5m.

The company also said that it sold a portion of its inventory of unrefined gold and silver to help cash flow.

Kennecott blamed the weakness of copper prices on the high level of imports, and says it has petitioned, along with 11 other U.S. producers, the International Trade Commission for relief.

Kennecott produced 62,500 tons of copper in the quarter, but drew on stocks to sell 89,800 tons, accumulated when production outran sales last year.

Phelps Dodge also had a sorry tale to tell. Net income for the quarter was $11m or 45 cents a share, down from $17.5m or 85 cents a share last year. Sales were also down by $23m to $252m.

According to Mr. George Munroe, chairman, the drop reflected primarily the sale of less copper, at lower prices, than in the comparable 1977 operations. Net income was also hit by losses registered at its 40 per cent-owned subsidiary, Consolidated Aluminium Corporation, due to operational problems and high energy charges.

Against this, though, Phelps Dodge's manufacturing operations continued to do well, and Western Nuclear, a wholly-owned subsidiary, recorded a pre-tax gain of $2.7m on the sale of three small uranium properties.

Phelps Dodge sold 77,800 tons of copper in the quarter, compared with 79,900 tons last year, and produced 82,600 tons.

Florida challenges Texas Intl. offer

By Our Own Correspondent

NEW YORK, July 31.

TEXAS International Airline's proposed takeover of National Airlines was challenged today by the Florida authorities, who sought a temporary order restraining the regional airline from acquiring any more of National's stock.

Texas International already holds 9.2 per cent, and in an application to the Civil Aeronautics Board for approval to win control of National, it has undertaken to purchase no more than 25 per cent until full approval is given.

National has its headquarters in Florida, and that state's Comptroller claimed today that Texas International's moves amounted to a tender offer. As a result, the regional airline was violating Florida's Investor Protection Act, because not all of National's stockholders—30 per cent of whom live in Florida—had been informed.

Texas International's assertion that it would increase its holding to 25 per cent before CAB approval for an acquisition has also run into criticism from the CAB's Bureau of Consumer Protection, which has suggested that this might be in breach of the Federal Aviation Act. In a telegram to the Bureau today, Mr. Frank Lorenzo, Texas International's president, disputed any possible clash with the law.

Meanwhile, National Airline's Board of directors was still in session this evening after more than six hours of discussions about the Texas International challenge.

Time Inc. offer

Time Inc's tender offer for a 25 per cent stake in Inland Container Corporation—worth some $70m—has proved successful. Agencies report from New York. A total of 3,114,878 Inland shares had been tendered before the closing date. In accordance with the terms of the offer, Time Inc. purchased on a pro-rata basis 2m of the outstanding shares in Inland. Payment for the shares and certificates for tendered shares not purchased as a result of the basis of selection will be transmitted as soon as practicable.

Kaiser Steel advance

Kaiser Steel raised second quarter net profits to $3.6m, or 48 cents a share, from $2.6m, or 34 cents, on revenues down to $189m from $192m a year ago, AP-DJ reports from Oakland. Before tax credits and equity in unconsolidated companies, it made a loss of $4.7m against $6m: this was more than offset by equity in the earnings of Hamersley Holdings, Kaiser Resources and other unconsolidated companies, and by income tax credits.

Good second quarter lift for Texas Instruments

BY JOHN WYLES — NEW YORK, July 31.

TEXAS INSTRUMENTS, one of the leading U.S. electronics companies with 44 plants in 18 countries, reported a strong 24 per cent increase in second quarter net income today.

With sales 25 per cent up on the same period last year at $614.5m, net income totalled $34.26m, and earnings per share amounted to $1.50. For the half year, the company is running ahead of most analysts' original projections with a 23 per cent rise in sales to $1.17bn and an 18 per cent increase in net earnings to $64.96m.

A glamour stock, Texas Instruments, is selling at a price/earnings multiple of 17 which could well be regarded as moderate given the company's performance so far this year and its sharply increased order book. This stands at $1.17bn, $63m higher than at the end of the first quarter and $360m more than at the end of last year's second quarter.

Indications are that Texas Instruments is standing up well to increasing competition in many of its product areas from both U.S. and Japanese manufacturers. It was comparatively late moving into the 16K Ram memory market but the company claimed today that its production of these silicon chips has increased rapidly and that Texas Instruments is now a major supplier to the microprocessor industry.

Analysts have argued that production problems in this area have severely reduced profit margins, but this speculation may now be re-examined.

Research and development spending is now projected at $113m in 1978, compared to just under $100m last year.

Resorts International faces fine

By Our Own Correspondent

NEW YORW, July 31.

RESORTS INTERNATIONAL, operators of Atlantic City's first casino which opened in May, has been accused by the New Jersey casino control commissioner of 39 alleged violations of gambling rules, and faces fines of up to $39,000. The commissioner's findings must go to the full commission for final action.

The charges all relate to the casino's first four days of operations, and include findings that the casino allegedly failed to keep a proper record of loans to gamblers and violated procedures for counting winnings.

Liggett growth

Liggett Group, one of America's leading tobacco groups which sold off its foreign cigarette business to Philip Morris earlier this year for $108m, has turned in second quarter net earnings from continued operations of $8.5m, or 89 cents a share, against a corresponding $6.2m or 65 cents a share, AP-DJ reports from New York. This was before writing off goodwill of $17.3m earnings from the cigarette sale and before a gain on the sale of $30.4m, which made a net of $23.8m or $2.58 a share. Second quarter earnings of the international cigarette division last year were $382,000.

Vulcan outlook

Mr. B. A. Monaghan, chairman of the executive committee and chief executive of Vulcan Materials, said in New York that barring a rapid downturn in the economy the company believes it is likely to report earnings per share substantially ahead of the 1977 results of $3.40 a share, AP-DJ reports.

Coal producers' future brighter

BY JOHN WYLES — NEW YORK, July 31.

VIRTUALLY trouble-free production since the settlement of the longest coal miners' strike in U.S. history is enabling some coal producers to recoup lost earnings.

Westmoreland Coal Company, which produces around 6m tons of coking coal a year, today reported that its second quarter profits had doubled over the comparable period last year. Net income was $7.2m, equal to $1.06 a share on an 18 per cent increase in sales to $101.3m.

The company said that its second quarter production reached 2m tons which was the highest in any quarter since the last three months of 1976. It attributed this to a lack of interruption from strikes.

She relative calm which has settled on the bituminous coal industry since the end of March has startled many observers who had thought that recriminations and bitterness engendered by the four-month strike would create fresh problems for the coal companies. During the last quarter, however, the coal companies lost only 35,000 man days because of wildcat strikes, which is less than one-tenth of the annual rate prevailing last year.

It is too soon to say, however, whether attempts to improve industrial relations at pit level are starting to bear fruit or whether the current peace is merely due to miners trying to rebuild their savings after the depredations of the strike.

Another major coal company, Pittston, also reported second quarter earnings today. The company's results pointed to continuing problems in the metallurgical coal sector, where the market has been somewhat weaker. Pittston turned in net earnings of $20.6m, or 55 cents a share, compared with $22.48m a year ago. Sales rose from $310.9m to $349.1m. Reflecting the impact of the coal strike, Pittston's half-year net income was $387,000 compared with $45.40m.

Pittston's second-half earnings will be closely watched for the effect of recent negotiations between exporters of American metallurgical coal and Japanese steelmakers. Pittston has contracts to deliver 11m tons a year to Japan but under the recent agreement shipments will be reduced by 15 per cent in the fiscal year which began last April and prices may if anything be lower than last year

Record half year for Upjohn

BY OUR FINANCIAL STAFF

NET EARNINGS for the Upjohn Company, a worldwide producer and marketer of pharmaceuticals and products and services, chemicals and agricultural products increased by a record 36.5 per cent during the second quarter to $37.1m or $1.25 per share, compared with $27.3m, or 92 cents per share, in the 1977 second quarter.

After tax earnings were equal to 10.7 per cent of sales compared with 9.1 per cent a year ago. It was the best figure for any quarter in the company's history.

Sales and earnings for the first six months also set new company records. Sales during the quarter ended June 30 were $347.9m, an increase of 15.4 per cent over 1977 second-quarter sales of $301.8m.

All business segments contributed to the 15 per cent sales gain. Worldwide human health care products and services were up 15 per cent over the second quarter of 1977, with most major product groups, particularly antibiotic products, showing satisfactory gains.

Growth of foreign chemical sales was less than in the U.S. as European economic conditions led to a softening of demand and selling prices. Worldwide agricultural sales were up 14 per cent, with particularly strong gains in sales of Lincomix for swine; MGA, a growth promotant for feedlot heifers; and mastitis products.

Total domestic sales for the quarter were $214.4m, an increase of 14.7 per cent over a year ago. Foreign sales reached $133.5m, up 16.3 per cent over the 1977 second quarter, and amounted to 38.4 per cent of consolidated sales. Of the $46.3m consolidated sales increase, 62 per cent came from increased volume, 34 per cent from higher selling prices and 4 per cent from favourable fluctuations in currency exchange rates.

U.S. adopts new merger rules

WASHINGTON, July 31.

THE U.S. Federal Trade Commission (FTC) adopted rules requiring large companies to notify the government of merger plans.

The rules, which differ little from a proposal tentatively adopted in February, will take effect 30 days after publication in the federal register, scheduled for Monday. They implement a 1976 law that requires companies to tell the FTC and the Justice Department of their merger and acquisition proposals to make it easier for the agencies to stop the transactions.

The law bars corporations from completing the mergers for 30 days after they file the report. This gives the FTC and the Justice Department's anti-trust division time to study any proposals and go to court if they wish to block them.

The rules apply to large companies and acquisitions of either 15 per cent of the outstanding stock of a large concern or $15m of stock and assets of such a company. One of the companies involved must have assets of at least $100m and the other must have assets of at least $10m for the rules to apply.

Agencies

Guyana National Bank in red

BY OUR OWN CORRESPONDENT — GEORGETOWN, July 31.

GUYANA'S only indigenous commercial bank, the eight-year-old Guyana National Co-operative Bank (GNCB) made a £40,000 loss last year, mainly as a result of the country's economic downturn.

The loss contrasts with a £300,000 before-tax profit in the previous year, and caused a reduction in shareholders' equity from £920,000 to £880,000. No dividend is recommended.

Total assets of the bank, however, increased marginally, to £26.3m.

Mr. Edgar Heyliger, the GNCB chairman, in his annual report, blames the loss on a sharp cut in the country's imports level, which reduced earnings from foreign exchange transactions, on certain policies of the central bank towards foreign exchange dealings, and on a continuing expansion programme, and the requirement for public sector financing or the prime interest rate.

The Guyana Government is the main shareholder of the GNCB, with some minor equity held by trade unions, co-operative societies and friendly and burial societies.

The annual shareholders' meeting had to be deferred from April to July 28 because of incompletion of the auditors' report.

The bank's managing director, Mr. Wilbert Bascom, and his deputy, Mr. Ronald Stewart, resigned in April. The Government said that a conflict of interest had arisen.

Canadian bond includes 25-year tranche

BY VICTOR MACKIE — OTTAWA, July 31.

THE C$750m bond issue from the Canadian Government is to be spread between three tranches, ranging from maturities of three years up to 25 years.

Announcing details of the loan today Finance Minister Jean Chretien said the 25-year tranche would be for a maximum of C$450m. Coupon is to be 9½ per cent and with a price of 100.75 issue yield will be 9.42 per cent.

The other two shorter tranches will carry coupons of 8¾ per cent and be priced at 99. To maturity their issue yields are 8.78 per cent for the three-year tranche and 9.01 per cent for the five-year issue.

It is a condition of the issue of the 9½ per cent bonds that the Government of Canada will operate a purchase fund. The Government undertakes to use its "best efforts" to purchase during each quarter of each calendar year to maturity (commencing October 1, 1978) when available in the open market at prices not exceeding the original issue price plus accrued interest, at least one-half of 1 per cent of the principal amount of the long-dated bonds.

By maturity the maximum amount of this issue which would be required to be purchased by the Government under these provisions would be 50 per cent of the original issue.

The Bank of Canada has agreed to acquire the minimum of C$225m of the new bonds. This acquisition will be open as to maturity except that the total will include a minimum of C$105m of the 2003 maturity.

The Bank of Canada has said that its acquisition will be applied towards a reduction in the level of its foreign currency assets acquired as a result of temporary swap transactions with the Exchange Fund Account.

BRIEFLY

American Stores opens on a strong note

NEW YORK, July 31.

THE MAJOR food supermarket chain American Stores lifted net income for the first quarter of the current fiscal year by 19 per cent to $8.36m compared with $7.1m, on sales revenues higher at $1.01bn against $0.91bn. Net earnings per share rose from $1.35 to $1.58.

Two utilities have reported rises in second quarter net earnings per share: they are Consumers Power, up from 53 cents to 72 cents, and Texas Gas Transmission, ahead from 99 cents to $1.49.

Other rises at the second quarter level are reported by the financial services group CIT Financial Corporation, ahead from $1.04 to $1.06, home and industrial appliances organisation White Consolidated Industries, up from $1.21 to $1.35, commercial printer R. R. Donnelly and Sons, ahead from 58 cents to 67 cents and restaurant owner Gino's Incorporated, up from 41 cents to 53 cents.

Also for the second quarter, insurance group St. Paul Companies rose from $1.52 to $1.80, the insurance and savings and loan company H. F. Ahmanson advanced from $1.25 to $1.42, and process instrument maker Foxboro Company expanded from $1.05 to $1.15.

Further advances were reported by textiles company Fieldcrest Mills, up from $1.10 to $1.40, cement manufacturer Alpha Portland Industries, up from 69 cents to $1.28, Louisiana Land Exploration, up from 68 cents to 72 cents, chemicals, and metals and oil equipment manufacturer NL Industries, up from 57 cents to 68 cents.

At the six months level, advances in earnings per share were made by the diversified holding company Emhart Corporation, with earnings of $2.94 compared with $2.47, the newspaper Washington Post, up from $1.83 to $2.97, drilling equipment manufacturer Smith International, ahead from $1.74 to $2.55, AMF Incorporated, which has interests in the leisure industry, up from $1.11 to $1.22, taps, pipe and wire manufacturer Masco Corporation, ahead from $1.03 to $1.18, car parts distributor Genuine Parts Company, with a rise from 98 cents to $1.11, and machinery manufacturer Signode Corporation, up from $2.07 to $2.32. Moore McCormack Resources slipped from $2.64 to $2.03 at the six months level, but sees a rise in full year earnings.

Other results include the diversified industrial company Norris Industries, down from $1.15 to $1.12 in the second quarter, medicines manufacturer G. D. Searle, with net income for the second quarter up from $13.37m to $17.22m, and a first quarter loss from Holly Sugar of $410,000 compared with a loss of $413,000 last time.

The gas utility Brooklyn Union Gas saw a fall in net income for the third quarter from $1.4m to $870,000, Maryland Cup Corporation, the packaging company, rose from $1.35 a share to $1.61 also in the third quarter, and medicines supplier Richardson-Merrell jumped from 28 cents to 49 cents in the fourth quarter.

Standard Brands Paint rose from 60 cents to 66 cents for the third quarter, Fischbach and Moore advanced from 84 cents to 92 cents for the same period, Arvin Industries fell back from $1.36 to $1.08 for the second quarter, American Natural Resources advanced from $1.23 to $1.70 for the second quarter, and for the 10 months period Oklahoma Natural Gas slipped from $3.43 to $3.37.

Four Canadian companies have reported results for the first six months; Husky Oil expanded from $1.96 to $2.03, Gulf Canada edged downwards from C$2 to C$1.92, Ashland Oil Canada moved ahead from 87 cents to $1.60, and Bell Canada advanced from $2.59 to $3.03.

Agencies

AMERICAN QUARTERLIES

AMERICAN STANDARD

Second Quarter	1978 $	1977 $
Revenue	554.4m	453.5m
Net profits	30.0m	22.8m
Net per share	2.14	1.42
Six Months		
Revenue	1.07bn	897.2m
Net profits	56.4m	46.8m
Net per share	4.01	2.75

BROWNING-FERRIS

Third Quarter	1978	1977 $
Revenue	92.8m	80.6m
Net profits	6.2m	4.8m
Net per share	0.36	0.28
Nine Months		
Revenue	261.8m	230.3m
Net profits	16.1m	12.7m
Net per share	0.94	0.74

CANADIAN INDUSTRIES

Second Quarter	1978 $	1977 $
Revenue	229.9m	211.1m
Net profits	15.1m	13.3m
Net per share	1.43	1.36
Six Months		
Revenue	388.9m	360.5m
Net profits	18.4m	15.9m
Net per share	1.72	1.62

CURTISS-WRIGHT CORP.

Second Quarter	1978 $	1977 $
Revenue	83.1m	85.0m
Net profits	4.4m	4.5m
Net per share	0.51	0.52
Six Months		
Revenue	153.6m	167.3m
Net profits	7.7m	8.8m

HARSCO

Second Quarter	1978 $	1977 $
Revenue	208.6m	175.4m
Net profits	12.6m	10.9m
Net per share	1.31	1.13
Six Months		
Revenue	390.1m	327.6m
Net profits	20.7m	18.9m
Net per share	2.15	1.96

MACMILLAN BLOEDEL

Second Quarter	1978 $	1977 $
Revenue	500.6m	457.93m
Net profits	24.2m	16.4m
Net per share	1.08	0.73
Six Months		
Revenue	959.1m	826.6m
Net profits	41.1m	24.6m
Net per share	1.81	1.12

MACKE

Third Quarter	1978 $	1977 $
Revenue	59.2m	49.8m
Net profits	1.3m	930,000
Net per share	0.42	0.31
Nine Months		
Revenue	169.9m	146.8m
Net profits	3.5m	2.8m
Net per share	1.16	0.94

PEABODY INTERNATIONAL

Third Quarter	1978	1977 $
Revenue	141.7m	108.3m
Net profits	5.88m	4.65m
Net per share	0.72	0.59
Nine Months		
Revenue	354.2m	284.6m
Net profits	14.46m	11.72m
Net per share	1.78	1.50

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Buehrmann Tetterode completes purchase

By Charles Batchelor

AMSTERDAM, July 31.

BUEHRMANN - TETTERODE (BT), the Dutch board and paper manufacturer, has completed the consolidation of its corrugated cardboard operations by purchasing the remaining 50 per cent of Beheermij Z. De Zeeuw. De Zeeuw is the holding company for four corrugated card manufacturers in southern and eastern Holland. BT said it acquired the remaining shares in De Zeeuw for an undisclosed sum in cash after buying the initial 50 per cent in 1973.

The four companies involved are Golfkartonfabriek Z. De Zeeuw; Golfkartonfabriek Brabantia; Golfkarton En Kartonnagefabriek Z. De Zeeuw and 50 per cent of Nederlandse Pillo Pak.

Pillo Pak was originally a joint venture between BT and De Zeeuw. These companies have an annual turnover of Fl 120m ($54m) and employ 800.

BT's paper, cardboard and packaging interests accounted for nearly 35 per cent of the company's 1977 sales of Fl 1.56bn ($700m).

Its other activities are graphic paper, toys, office and printing machinery and publishing.

Union Bank purchase

The Union Bank of Switzerland will become a shareholder in Euro-Latinamerican Bank (EULABANK), taking a participation of $1.1m to give it the same shareholding as the other European shareholders, our financial staff writes. At the same time the authorised capital will be increased by half to around $34m.

A 1-24 bonus issue will also be made to all shareholders.

Leading Saar steelmaker records worst-ever loss

BY GUY HAWTIN

FRANKFURT, July 31.

STAHLWERKE Roechling-Burbach, the leading steel concern in the recession-hit Saarland, has just reported that 1977 was the worst year in its history. The current year will also end in the red, but although first half earnings are "negative" they are, according to the management, considerably better than the comparable period of 1977.

Roechling-Burbach's blackest year ended with losses of DM 211.8m ($103.9m). The figures are made even more grim by the fact that they follow two other years of heavy losses. In 1976 losses totalled DM 92m, while the year before they reached DM 138m.

The losses—described by the concern's chief executive, Dr. Juergen Krackow, as "catastrophic results"—stemmed mainly from the mass steel and the processing sectors where forging operations were hard-hit by the downturn in power station construction. As usual the special steels sector did better.

Utilisation of capacity was limited to just over 50 per cent, calling for drastic measures by the group. The entire Burbach steelworks was shut down and should remain in moth balls until 1980. There has also been a heavy run-down in the labour force, which from the start of 1975 to the end of the first half of 1978 has been slashed by 25 per cent.

The reduction in personnel in the Saarland has been far steeper than the national average. For the Federal Republic, excluding the Saar, the decrease has been only in the region of 10 per cent.

In the first half of 1978 crude steel production was 7.1 per cent below the levels of the first six months of 1977, while cash turnover fell by 3.5 per cent. Crude steel output for the whole of 1977 dropped by 9.8 per cent to 2.26m tonnes, while the concern's turnover fell from DM1.91bn to Dm1.75bn.

Crude iron production was the most deeply affected by the drop in demand, falling 12.6 per cent from 1976's 1.85m tonnes to 1.62m tonnes—the lowest level of output in 15 years. Rolled steel production dropped by 11 per cent from 1.9m tonnes to 1.7m tonnes. Capital investment in 1977 totalled DM 37.1m against a depreciation figure of DM 135.2m.

Along with its fellow steelmaker in the Saarland Neunkircher Eisenwerke, Roechling-Burbach is to be absorbed by the Luxembourg steel group Arbed as part of a massive rationalisation of the steel industry within the Saarland.

Dresdner credit growth slows

BY OUR OWN CORRESPONDENT

FRANKFURT, July 31.

DRESDNER BANK, West Germany's second largest commercial bank, reports a sluggish uptake of credit in the first six months of the year. Although demand from private customers was lively, industry has held its requirements within very narrow limits.

In a circular to shareholders to-day, the bank's management state that credit volume in the first six months rose by only DM 1.6bn to DM 45.9bn ($23bn). Interest earnings, however, increased by 7 per cent — or DM 51m — on a six-monthly average for 1977.

At the half way mark this year, more than a quarter of the bank's total advances were to private customers. There was a slight decrease in savings deposits but this was largely attributable to savers switching to higher interest bearing methods. Inflows into savings certificates, for instance, was up by DM 500m, or nearly a third, to DM 2.3bn.

Customers deposits fell back by DM 5bn to DM 35bn. This was largely a result of a DM 4.9bn reduction in time deposits. However, business volume of the parent bank dropped back from DM 63.17bn to DM 62.33bn in the first six months of 1978, while the balance sheet total slid from DM 62.07bn to DM 61.17bn ($30bn).

The bank was "well satisfied" with shares and securities business and the issues business in the first half had also done well. Commission earnings were up from DM 213m in the final half of 1977 to DM 218m.

The bank's international business, including the activities of its subsidiaries and branches overseas, have shown "overproportional growth." At the same time Dresdner's operations in the money, foreign exchange and precious metals markets continue to be most satisfactory

IMF sees continued favourable loan terms

WASHINGTON, July 31.

THE RELATIVELY easy conditions in international financial markets are likely to continue this year, says the IMF in its fortnightly publication Survey. This should "allow access by even non-prime borrowers to relatively favourable financing terms."

The IMF points out that the rapid growth in international lending slowed sharply in 1977, and while flows were marginally higher in nominal terms—$100bn compared with $96bn in 1976—real volume declined by 4 to 5 per cent.

Private international flows this year are likely to continue at levels similar to or above last year, when net new international bank lending totalled about $75bn and net new bond issuing $30bn, less $5bn for estimates of double counting due to banks holdings of bonds.

The distribution this year between bond and bank borrowings will depend largely on the differentials between short and long term interest rates, particularly in the U.S., and on whether expectations for the dollar's exchange rate will improve.

International banking markets will probably remain liquid with continuing pressure to ease lending terms, says the IMF.

"Such pressure may be reflected in a further lengthening of maturities rather than a decline in interest spreads." Several banks have suggested to the fund that a further erosion in spreads would "virtually eliminate" profitability from international lending.

Preliminary data for the first five months of this year show foreign bond issues to be running at an annual rate of $20bn, which is 40 per cent up on 1977.

Agencies

Sharp increase in profits from Source Perrier

BY DAVID CURRY

PARIS, July 31.

A SHARP increase in profits is announced by French drinks group Source Perrier, together with details of an acquisition.

Profits after tax for the six months to February are more than a fifth higher at FFr 12.56m compared with FFr 10.34m for the opening six months of 1976-1977. For the whole of that year Perrier returned a net FFr29.7m.

Perrier, whose overseas expansion has been rapid since it decided to concentrate on its traditional mineral water business, has bought a majority stake in a manufacturer of glass packaging materials. The purchase of more than 122,000 shares in Societe de Verreries du Puys-de-Dome takes Perrier's stake from 38 per cent, acquired almost two years ago, to 73 per cent.

Perrier's policy is to increase its packaging capacity to meet the needs of its export market. It envisages doubling the capacity of its Vergeze plant with the same object in view.

The seller is Brasseries et Glacieres Internationales (BGI), which retains 10 per cent in the packaging concern and which will show a large capital gain on the transaction.

It is thought that BGI disposed of its shareholding in order to partly raise money for the recovery programme of its subsidiary, Union de Brasseries, which lost FFr 27m last year. BGI and Credit Commercial de France have advanced FFr 15m interest free to the subsdiary, and BGI is intending to provide a further FFr 30m on a 12-years maturity.

Perriers is currently riding high on the success of its sales drive for gasified mineral water in the U.S., where it is favoured by the strong trend towards less alcoholic and colourless drinks. At the end of last year it finally managed to sell its dairy offshoot Preval, making the decision to give priority to its drinks interest.

Remaining shareholders in the packaging company have until August 22 to tender their shares for purchase by Perrier at FFr 136 per share.

● Ducellier Bendix Lockheed Air-Equipement (DBA), makers of electrical components for the auto and aviation industries, reports a net loss of FFr 16.6m for the first six months of the year ending August 31, compared with a net profit of FFr 4.5m a year ago. Turnover in the half-year amounted to FFr 844m, a decline of 5.7 per cent.

DBA, in which Bendix Corporation of the U.S. has a 51 per cent interest, said the setback was due to he general decline in activity observed in the industry since last summer and the exceptionally high level of sales last year.

Study shows two Dutch banks dominate market

BY OUR OWN CORRESPONDENT

AMSTERDAM, July 31.

TWO major Dutch banks, Amsterdam-Rotterdam Bank and Algemene Bank Nederland, dominate the new issue market to the detriment of industry, according to a leading Dutch academic.

AMRO and ABN, together with their merchant banking subsidiaries, Pierson, Heldring en Pierson and Bank Mees en Hope, have a "monopoly-like" position in the flotation of new companies and the issue of shares by already-quoted companies, writes Professor M. P. Gans in a study in the magazine "Economic Statistical Reports." Professor Gans is professor of company financing at the Management Studies Institute in Delft.

Bank mergers have led to a situation with "strong monopolistic charateristics" in these particular aspects of the banks' activities. The number of companies which seek a stock exchange listing and the number of share issues have declined dramatically in recent years. Low profits and consequent low share prices "are not a sufficient explanation of this."

Elsevier expands in Germany

By Our Own Correspondent

AMSTERDAM, July 31.

ELSEVIER, the Dutch publishing group, has acquired Ingenieur Digest Verlag of Frankfurt as part of its expansion into West Germany. I. D. Verlag publishes four technical magazines and a number of annual publications. It has turnover of DM 4m ($2m) and a staff of 24.

Elsevier is maintaining contacts with other German publishers aimed at possible further acquisitions, Mr. H. J. Stoel, manager of the magazines division said.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	97½	98½
AMEV 8pc 1987	95½	96
Australia 8½pc 1992	93	93¾
Australian M. & S. 9½pc '92	98½	99
Barclays Bank 8¾pc 1992	95	95¾
Bowater 9½pc 1992	97½	98
Can. N. Railway 8¾pc 1986	95	95½
Credit National 8¾pc 1986	93½	94
Denmark 8½pc 1984	98½	99
ECS 9pc 1993	98½	99
ECS 8¼pc 1997	93½	94
EIB 8¾pc 1992	96	96½
EMI 9½pc 1989	98½	99
Ericsson 8¾pc 1989	96½	97½
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8¼pc 1984	97½	98½
Hamersley 9½pc 1992	100½	101½
Hydro Quebec 9pc 1992	96	96½
ICI 8¾pc 1987	93½	94½
ISE Canada 9¼pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc '91	98½	99½
Michelin 9¾pc 1988	100½	101½
Midland Int. Fin. 8¾pc '92	[illegible]	95½
National Coal Bd. 8pc 1987	92½	93½
National Wstmnstr. 9pc '86	100½	101½
Natl. Wstmnstr. 9pc '86 'B'	100½	101½
Newfoundland 9pc 1989	99½	100½
Nordic Inv. Bank 8¾pc 1988	96½	97
Norges Komm. Bk. 8¾pc 1992	95	95½
Norpipe 8¾pc 1989	95	95½
Norsk Hydro 8¾pc 1992	94½	95½
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97	97½
Prov. Quebec 9pc 1993	95	95½
Prov. Saskatchwn. 8¾pc '86	97½	98
Reed International 9pc 1987	92	94
RHM 9pc 1992	95	95½
Selection Trust 8¾pc 1989	90½	91½
Shell Intl. Fin. 8½pc 1990	93½	96
Skand. Enskilda 8pc 1991	96	96½
SKF 8pc 1987	91	91½
Sweden (K'dom) 8¾pc 1987	94½	95

	Bid	Offer
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7½pc 1984	93½	94½
Bell Canada 7¾pc 1987	90½	97½
Br. Columbia Hyd. 7¾pc '85	93½	94½
Can. Pac. 8¾pc 1984	95	95½
Dow Chemical 8pc 1986	97½	98
ECS 7¾pc 1982	94½	93½
ECS 8½pc 1989	94	94½
EEC 7½pc 1982	93½	94
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8¾pc 1984	96	96½
Gotaverken 7¾pc 1982	94½	95
Kockums 8pc 1983	96½	97
Michelin 8¾pc 1983	98½	99½
Montreal Urban 8¾pc 1981	99½	100
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8¾pc '83	98	99½
New Zealand 8¾pc 1986	93½	94
Nordic Inv. Bk. 7¾pc 1984	93½	94
Norsk Hydro 7¾pc 1982	96½	96½
Norway 7¾pc 1982	95½	94½
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99½	100
S. of Scot. Elec. 8¾pc 1981	98	95½
Sweden (K'dom) 7¾pc 1982	94½	93½
Swedish State Co. 7¾pc '82	93	95
Telmex 9¾pc 1984	99	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94½	95½
STERLING BONDS		
Allied Breweries 10¾pc '90	90½	90½
Citicorp 10pc 1993	92½	93½
Courtaulds 9¾pc 1989	92½	91½
ECS 9¾pc 1989	94½	94½

	Bid	Offer
EIB 9¾pc 1988	96½	97½
EIB 9¾pc 1992	93½	94½
Finance for Ind. 9¾pc 1987	91½	93½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	92	93
INA 10pc 1988	92½	93½
Rowntree 10¾pc 1988	90	91
Sears 10½pc 1988	92	93
Total Oil 9¾pc 1984	90½	91½
DM BONDS		
Asian Dev. Bank 5¾pc 1988	92½	97½
BNDE 6¾pc 1986	94½	95½
Canada 4¾pc 1983	98½	97½
Den Norske Id. Bk. 6pc '90	97½	95½
Deutsche Bank 4¾pc 1983	95½	96½
ECS 5¾pc 1990	90½	91½
EIB 5¾pc 1990	90½	91½
Elf Aquitaine 5¾pc 1988	97	94
Euratom 5¾pc 1987	93½	96½
Finland 5¾pc 1986	93	94
Forsmarks 5¾pc 1990	97	94
Mexico 6pc 1985	94	93
Norcem 5¾pc 1989	95	94
Norway 4¾pc 1983	97	97½
Norway 4¾pc 1983	93½	94½
PK Banken 5¾pc 1989	93½	97½
Prov. Quebec 6pc 1990	93	96
Rautaruukki 5¾pc 1988	93	94
Spain 6pc 1988	94½	93½
Trondheim 5¾pc 1988	95½	96
TVO Power Co 6pc 1988	91	93½
Venezuela 6pc 1988	97½	94½
World Bank 5¾pc 1990	94½	95½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	98	98½

	Bid	Offer
BFCE 1984 8¾pc	98½	98½
BNP 1983 8¾/16pc	99½	100½
BQE Worms 1985 9pc	97½	98½
CCF 1985 8¾pc	98½	98½
Chase Manhttn. '93 9⁵/16pc	98½	[illegible]
Creditanstalt 1984 8¾pc	99½	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 8¹/16pc	99½	100½
Intl. Westminster 1984 8pc	98½	98½
Lloyds 1983 8¹⁵/16pc	99½	100
LTCB 1988 8pc	99½	[illegible]
Midland Int. FS '87 8⁹/16pc	98½	98½
Midland Int. FS '93 8⁷/16pc	98½	99½
Nat. Westminstr. '90 9⁵/16pc	98½	99½
OKB 1983 9¾pc	99½	100
SNCF 1985 9⁵/16pc	99½	99½
Stand. and Chtrd. '84 8¾pc	98½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	81½	83
Ashland 5pc 1988	101½	
Babcock & Wilcox 6¾pc '97	114	115
Beatrice Foods 4¾pc 1992	97	98½
Beatrice Foods 4¾pc 1992	108½	110
Beecham 6¾pc 1992	106	107
Borden 5pc 1992	98½	100
Broadway Hale 4¾pc 1987	75½	77
Carnation 4pc 1987	78½	80
Chevron 5pc 1988	131½	133
Dart 4¾pc 1987	81½	83
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4¾pc 1987	77½	79
Firestone 5pc 1988	79½	81
Ford 5pc 1988	85	86½
General Electric 4¾pc 1987	82	83½
Gillette 4¾pc 1987	77	78½
Gould 5pc 1987	118	119

	Bid	Offer
Gulf and Western 5pc 1988	86½	88
Harris 5pc 1992	195	197
Honeywell 6pc 1986	87½	89
ICI 6¾pc 1992	91½	92½
INA 6pc 1997	97	98½
Inchcape 6¾pc 1992	107	108½
ITT 4¾pc 1987	78½	80
Jusco 6pc 1992	122	123
Komatsu 7¾pc 1990	138½	139½
J. Ray McDermott 4¾pc '87	148	150
Matsushita 6¾pc 1990	193	194½
Mitsui 7¾pc 1990	140½	141½
J. P. Morgan 4¾pc 1987	99	100½
Nabisco 5¾pc 1988	103	104½
Owens Illinois 4¾pc 1987	121½	123
J. C. Penney 4¾pc 1987	75½	77
Revlon 4¾pc 1987	127½	129
Reynolds Metals 5pc 1988	95½	97
Sandvik 6¾pc 1988	113	115
Sperry Rand 4¾pc 1987	96½	98
Squibb 4¾pc 1987	84½	86
Texaco 4¾pc 1988	78½	80
Toshiba 6¾pc 1992	139	140
Ty Co. 5pc 1984	77	78½
Ty Co. 6¾pc 1988	102	103
Union Carbide 4¾pc 1982	91½	93
Warner Lambert 4¾pc 1987	81	83½
Warner Lambert 4¾pc 1988	77½	79
Xerox 5pc 1988	77½	79

Source: Kidder, Peabody Securities.

EUROBONDS

Active trading in Japanese convertibles

BY FRANCIS GHILES

THE BOND markets were very quiet yesterday, with prices firm in thin trading. Among the recently priced floaters, Standard and Chartered, after opening at 98¼-½ fell to 97¾-8 but recovered later to close at 97¾-8¼.

The Deutsche Mark sector was described as "listless" by one dealer. Prices moved up a shade—and on the domestic market the Bundesbank bought about DM 40m worth of bonds, far below last week's daily average.

Japanese convertibles were traded far more actively than other bonds.

Cedel, the Eurobonds clearing system will from today provide custody and clearance services for fixed and floating rate London dollar tranche certificates of deposit. Fees payable by participants will be the same as for the settlement of trades and safe custody for Eurobonds.

● The German Government is considering the possibility of making a tender offer of medium-term Federal notes, Kassenobligationen, this week, according to Finance Ministry sources, reports Reuter from Bonn.

A three or four year maturity has been under consideration today.

The offer would be an alternative form of fund raising to the Federal loan issue which was planned for the start of August, but which has now been postponed because of the market situation.

Sime gets ultimatum over loan details

THE KUALA LUMPUR Stock Exchange has given Sime Darby Holdings until August 4 to provide details on its proposed $475m loan issues or face disciplinary action, Reuter reports from Kuala Lumpur.

In a letter to Sime released to the public, the exchange advised Sime to furnish immediately details of the balance of the loan of $400m, together with the terms of repayment, security pledged, and interest rate of the consortium loan of $475m.

● Banking sources in Kuala Lumpur have reported the following terms for the loan, writes our financial staff. Of the Singapore portion S150m is at a floating rate carrying interest at ¾ per cent above prime rate—currently 7 per cent—for three years and at ¼ per cent above for the remaining five.

Interest on the S75m fixed rate tranche is put at 8.375 per cent, as is that on the 75m ringgits Malaysian portion.

The remaining 175m ringgits portion carries interest at ¾ per cent above Malaysian prime, currently 7½ per cent for the first six years and at ¼ per cent above for the remaining two.

Sime has said that a S$75m loan redemption apart, one specific area in which the funds would be employed was property development.

Setback in earnings and turnover for Mitsui

BY YOKO SHIBATA

TOKYO, July 31.

MITSUI and Co. suffered setbacks in consolidated sales and profits for the fiscal year ended March. Sales totalled Y7.87 trillion (million million), equivalent to $4bn., down 5.5 per cent from the 1976-77 level, while net profits declined substantially more sharply, by 41 per cent to Y5.01bn ($25.7m.).

In spite of the substantial fall in imports and domestic sales, Mitsui's exports were maintained at the previous year's level at Y1.65 trillion, supported by favourable sales of machinery, and in particular of chemical plant exports, which offset the negative effects of the yen's appreciation on other exports.

Reflecting dull domestic demands for industrial supply and capital equipment, imports declined by 6.2 per cent to Y1.53 trillion. However, shipments of liquefied natural gas and liquid petroleum gas from Mitsui's joint venture at Das Island in the United Arab Emirates, increased gas imports. Domestic sales fell by 5.3 per cent. to Y4.13 trillion. Mitsui says that the Government's steps to increase public works spendings, and cuts in the official discount rate during the fiscal year did not take full effect on Mitsui's business during the year.

Offshore trading, which had been much expected to expand under the slower rate of domestic economic growth, however, declined sharply, by 18.6 per cent to Y564.5bn., reflecting international economic conditions.

The sharp decline in net profits resulted partly from exchange losses incurred by Mitsui's overseas subsidiaries (Y3.8bn), and from Y25.3bn of additional provisions for doubtful receivables, including Y6bn of reserves for Mitsui U.S. timber transactions.

Komatsu profits 6.8% higher at halfway

BY OUR OWN CORRESPONDENT

TOKYO, July 31.

JAPAN'S LARGEST construction machinery makers, Komatsu, increased its non-consolidated current profits for the half-year to June 30 by 6.8 per cent to Y15.55bn ($80m), on sales up 11 per cent to Y194.78bn ($99.9m) but net profits were 2.4 per cent lower at Y7.51bn.

Helped by the Government's economy stimulation measures, the company was able to overcome the impact of the sharp appreciation of the yen.

With Komatsu's exports accounting for 42 per cent of total turnover, and more than 60 per cent being based on dollar payment, the recent rapid rise in yen value generated an exchange loss of Y13bn. However, an improvement in the rate of production related to public works means that current profits were higher.

The company absorbed the exchange loss by raising export prices and by rationalisation measures such as cost cutting. Price rises in overseas markets so far have not hit competitiveness, it is said. During the six months, the company has reduced term and short-term borrowing and, as a result, the capital ratio improved to 27 per cent from 26.2 per cent a year earlier.

Jordan to complete financing package

By Rami G. Khouri

AMMAN, July 31.

JORDAN WILL probably be turning to the international capital markets again soon to finalise the financing package for its largest industrial scheme, the $420m Dead Sea potash project. While $230m required in credits has been raised in the form of long-term concessionary loans from various Arab, American and international bodies, a $20m supply credit will be needed, and as much as $60m will be needed to finance a new facility to produce bromine using by-products from potash production.

This was revealed here by Mr. Ali Khasawneh, the chairman and general manager of the Arab Potash Company, who said that another $60m required for a new magnesium production facility has nearly been obtained from a European State. Know-how for the magnesium plant is being acquired from the Austrian company, Ruthner, and the bromine project will be established as a joint venture, with a 25 per cent share held by the Great Lakes Corporation, of the U.S.

Jordan's current five-year plan focuses heavily on export-oriented mineral-based industries, and officials here are known to favour the obtaining of commercial loans for self-financing export industries, while concentrating their soft-loan eligibility on development schemes in the social sector, such as schools, vocational training schemes and health care.

The country's second biggest project—the $320m Aqaba chemical fertiliser plant—is also in the market for some $60m, in a deal that is expected to be finalised very soon.

Current projections, according to Mr. Khasawneh, see Jordan earning an annual $150m from sales of 1.2m tons of potash, and $60m from sales of 80,000 tons of bromine and magnesium refractory. Production is expected to start in early 1982.

ISLAMIC CAPITAL MARKET

Task force sets to work

BY RAMI G. KHOURI IN AMMAN

ONE MONTH after central bank governors of the Arab states gathered here to lay the groundwork for the eventual establishment of an integrated Arab capital market, representatives of 41 Islamic states from all over the world start a week-long meeting here today with parallel aims.

Following up the first ever meeting of governors of the Islamic states' central banks in Kuala Lumpur last March, a task force appointed by that gathering meets here to discuss in detail how to promote the free flow of capital and goods among the 41 states comprising the Islamic Conference.

Dr. Adnan el Hindi of Jordan's central bank says that among the topics to be discussed this week will be the liberalisation of laws governing the transfer of funds; national legislation to promote the sales of securities among Islamic states; the unification of investment encouragement and protection laws; the establishment of an Islamic free trade zone, leading to an Islamic common market; the existing financial capabilities of institutions throughout the Islamic world; the establishment of specialised institutions to carry out detailed feasibility studies; the establishment of an Islamic import-export bank; and even the use of "Islamic travellers checks."

The task force will break up into specialised committees, which will draw up detailed reports on these and other topics to be submitted to the second annual meeting of Islamic central bank governors in Uganda next April.

It is likely that one result of these discussions will be to strengthen such existing institutions as the Islamic Development Bank, based in Jeddah, and a new economic data bank being established by the Islamic Conference in Ankara. Units for feasibility studies or an import-export bank would logically fit into the structure of the data bank or the Islamic Development Bank, Dr. el Hindi says.

The yardstick of this week's meeting will be the faciliting of the free flow of capital from the surplus oil producers to the poorer Islamic states, in the eyes of most officials. As the debt burdens of most of the Islamic less developed countries is high

Representatives of 41 Islamic states meet in Amman this week to discuss the promotion of the free flow of capital and goods. The yardstick in the eyes of most officials will be the facilitating of the flow of capital from the surplus oil producers to the poorer Islamic states. As the debt burdens of most of the less-developed Islamic countries is high already, the bankers will be paying particular attention to the flow of soft loans and the establishment of joint ventures with a significant participation by capital from surplus states — primarily Arab oil producers

already, the bankers will be paying particular attention to the flow of soft loans and the establishment of joint ventures with a significant participation by capital from surplus states — primarily Arab oil producers.

The heterogenous character of the world's Islamic nations precludes the tight economic cooperation that has been envisaged by the central bankers of the Arab states. This week's conference has broader aims than did the Arab bankers' conference here last month.

"We are looking into the prerequisites for economic cooperation to build the groundwork and identify the basics that will help bridge the confidence gap between the rich and the poor states," Dr. el Hindi said. "Capital is coward, and it needs guarantees and facilities to move into productive investments in other countries. This is the process we want to encourage, primarily by recommending the required legislation that would be enacted by individual states."

The development of greater financial capabilities among the Islamic states, like the same process in the Arab world, will mean a shift in banking business from the major western capital markets into the institutions of the third world. "Instead of going always to the Euromarkets for commercial loans, we would like to see Arab and Islamic capital moving into joint ventures and soft loans in the Arab and Islamic countries," Dr. El Hindi says.

This emphasis on a self-reliant spirit also spills over into the trade field. Figures compiled by the Islamic bankers show that Islamic states' exports to other Islamic states as a ratio of their total exports averaged a mere 5 per cent during the past six years, with the imports ratio only slightly higher, at an average of 10 per cent. "We want to expand these averages," Dr. El Hindi says.

One idea that has already come up for informal discussion is for some Islamic states to join the newly established Arab Monetary Fund, though this has been discouraged by Arab officials on the basis that the Arab Monetary Fund is not yet sufficiently experienced to absorb the membership of yet more countries needing a balance of payments assistance.

Before such collective action can be taken, banking officials here say that the financial institutions of individual states have to be surveyed and then strengthened before any worthwhile regional or international integration can take place. This is the same attitude as prevailed among the Arab central bankers here last month, so it is not surprising to see the Islamic bankers take this stance.

IMI

ISTITUTO MOBILIARE ITALIANO

Annual Meeting — July 14, 1978

The Annual Meeting of the Shareholders of Istituto Mobiliare Italiano (IMI), presided over by Mr. Giorgio Cappon, was held in Rome on July 14, 1978 for approval of the Balance Sheet and of the Statement of Expenditures and Income for the forty-sixth financial year and to resolve the proposed increase of capital.

The Board of Directors' Report, presented by Mr. Cappon, recalled that in 1977 the Italian economy had been largely conditioned by the stabilisation measures taken by the government to combat a serious currency crisis and to counter unacceptable inflationary pressures. In these circumstances, the Board was pleased to report a notable overall growth of IMI's financing operations, which resulted also in an increase of the market share of lendings by industrial credit institutions.

In sum, loan applications were received for a total of Lit.4,397 billion (+47 per cent compared with the preceding financial year). The volume of finalised loan transactions recorded an increase of more than Lit.500 billion (+24 per cent) to Lit.2,640 billion: of this total, 89.5 per cent was financed from IMI's own funds, 7 per cent with ECSC funds and 3.5 per cent from funds managed by the Institute on behalf of the State.

As of March 31, 1978, the composition of loans outstanding—totalling Lit.11,464 billion (+15 per cent)—was as follows: investment loans Lit.8,894 billion (+17 per cent); export-credit financing Lit.2,332 billion (+10 per cent); financial credits to foreign countries Lit.25 billion (−30 per cent); loans to non-residents Lit.213 billion (−4 per cent).

Export-credit financing granted during the year totalled Lit.691 billion, against Lit.663 billion in the preceding financial year: although the overall increase is relatively small, suppliers' credit recorded an outstanding growth of 131 per cent to Lit.369 billion.

The Report then observed that the major future loan commitments undertaken by IMI include the operations, already in part approved during the financial year under review, for the financing of supplies of plant, equipment and services to the USSR, to Algeria and to Mexico. In addition, the ceiling has been raised on the credit granted against Italian supplies to France in the context of the EURODIF programme.

The growth of financing operations was achieved despite the continuing considerable difficulties encountered in raising funds on the domestic market. During the past financial year IMI placed Lit.1,597 billion of bonds, against Lit.1,536 billion in the 45th financial year. As of March 31, 1978, bonds in circulation, both in Lire and in foreign currencies, amounted to Lit.8,586 billion, showing an increase of Lit.875 billion (+11 per cent) compared with a year earlier.

The Institute's foreign operations during the 46th financial year were favourably influenced by the developments on the international market, which became available, in appreciable measure, to Italian institutions as borrowers of medium-term funds. Italy's foreign financial relationships have thus entered a new phase, reflecting the initial successes of the stabilization policy adopted by the monetary authorities.

In this context the policy pursued by IMI has been to facilitate the reopening of the market and the $200 million operation arranged by Morgan Guaranty Trust of New York, foreshadowed in last year's Report, represented the first significant return by an Italian borrower to the Euromarket. Subsequently, IMI concluded two $100 million operations, the first managed by Compagnie Financière de la Deutsche Bank and the second with an international banking consortium. The proceeds of these loans will be utilized for the financing of investment projects by Italian industrial firms and of export credit. As regards the important, soundly-established cooperation relationship with the European Investment Bank, during the financial year under review contracts were concluded for a total of Lit.139 billion. This represented the contribution of the European Investment Bank, to the financing of industrial projects located in Southern Italy in the engineering, steelmaking, telephone service and plastics sectors.

The principal controlled companies (FIDEURAM, SIGE, FID IMI, Italfinanziaria Internazionale) report extremely satisfactory progress and results, as do the major associate companies (SPEI Finanziaria, SPEI Leasing).

As of March 31, 1978 the Balance Sheet of "Credito Navale"—the Autonomous Section of Istituto Mobiliare Italiano — shows loans outstanding in the amount of Lit.431 billion, against Lit.460 billion at the close of the preceding financial year.

The Report then proceeds to a review of the individual items of the Balance Sheet and Statement of Expenditures and Income, which exhibit a net profit of Lit.30.2 billion (after provision for allocations to the credit-risk fund, the sundry-risk taxed fund, and to the securities price fluctuation fund). The Board of Directors recommended the following appropriation of net profit: Lit.27.4 billion to the Statutory reserve fund and Lit.2.7 billion to the Shareholders (equivalent to 9 per cent on paid-up capital).

After hearing the Board of Auditors Report, the Meeting approved the Balance Sheet and the Statement of Expenditures and Income for the 46th financial year, together with the appropriation of net profit as recommended by the Board of Directors.

The meeting then approved the Board of Directors' proposal for the increase of the capital of Istituto Mobiliare Italiano from Lit.100 billion to Lit.500 billion.

BALANCE SHEET SUMMARY AS OF MARCH 31, 1978
(46th Fiscal Year)

LIABILITIES		
Subscribed capital stock	Lit.	100,000,000,000
Reserve funds	"	710,246,498,054
Government allocations under Law No. 184 of March 22, 1971	"	258,164,000,609
Real estate and furniture depreciation funds	"	6,197,238,926
Staff severance and retirement fund	"	26,510,494,254
Bonds in circulation	"	8,585,956,707,088
Subscribers of our bonds	"	696,149,808,000
Borrowing and sundry debts		3,936,220,510,078
Interest payable and rediscounts on receivable		452,718,317,449
Outstanding guarantees	"	90,330,610,370
Discounts on loans	"	66,181,100,723
Net income for the fiscal year	"	30,202,251,111
	Lit.	14,958,877,537,262
Contra Accounts		
Loan commitments, securities and bills held and on deposit	"	5,468,149,334,737
Special and fiduciary operations	"	2,454,177,429,139
GRAND TOTAL	Lit.	22,881,204,301,138

ASSETS		
Subscriptions receivable on capital stock	Lit.	70,000,000,000
Cash and deposits with banks and agencies	"	1,520,843,571,004
Securities owned	"	862,915,848,341
Loans	"	10,365,356,927,414
Advances receivable and other credits	"	1,086,888,125,993
Real estate and furniture	"	97,515,435,585
Interest receivable and rediscounts on payables	"	307,926,593,342
Discounts on bonds	"	554,745,330,147
Miscellaneous items	"	2,353,095,066
Outstanding guarantees	"	90,330,610,370
	Lit.	14,958,877,537,262
Contra Accounts		
Loan and commitments, securities and bills held and on deposit	"	5,468,149,334,737
Special and fiduciary operations	"	2,454,177,429,139
GRAND TOTAL	Lit.	22,881,204,301,138

STATEMENT OF EXPENDITURES AND INCOME AS OF MARCH 31, 1978

EXPENDITURES AND LOSSES		
Overheads	Lit.	39,062,885,884
Interest paid and other charges on bonds	"	757,776,129,081
Interest paid on loans and sundry debts	"	161,055,962,051
Depreciation	"	1,438,635,196
Losses realised and unrealised on securities owned	"	19,696,118,181
Operating losses on the holding under Law No. 184 of March 22, 1971	"	38,102,273,000
Taxes for the fiscal year (including allocations)	"	62,689,543,833
Taxes for preceding fiscal years	"	43,645,831,235
Sundry charges	"	20,949,965,053
Allocations to credit risk and securities price fluctuation funds	"	50,987,295,511
Allocations to sundry-risk taxed fund	"	70,000,000,000
	Lit.	1,265,404,639,025
Net income for the fiscal year	"	30,202,251,111
	Lit.	1,295,606,890,136

INCOMES AND PROFITS		
Interest on loans, advances and current accounts	Lit.	1,106,426,780,786
Interest on sundry income on securities held	"	62,596,418,667
Commissions and fees	"	22,454,314,871
Sundry incomes	"	5,817,915,024
Utilisation of reserve funds	"	60,209,187,788
Utilisation of the Government's allocations to cover the operating losses on the holding under Law No. 184 of March 22, 1971	"	38,102,273,000
	Lit.	1,295,606,890,136

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Solid gains by Wheelock subsidiaries

By Ron Richardson

HONG KONG, July 31.

HONGKONG REALTY and Trust Company, the main quoted property arm of the Wheelock Marden group, and Wheelock Maritime International, the group's shipping subsidiary, have both announced solid profit gains for the year to March 31.

Hongkong Realty increased its consolidated net profit by 11.8 per cent to HK$35.64m (U.S.$7.7m), after excluding extraordinary earnings, but after allowing for tax and minority interests.

After taking into account the extraordinary profits of HK$20.6m the year's result was up 82.6 per cent from the previous year's figure, on the same basis. The major component of the extraordinary profit was earned from a transfer within the Wheelock group of the former Hongkong Realty subsidiary, Wardell Securities.

Wheelock Maritime International increased its 1978 consolidated net profit by 16.7 per cent to HK$39.34m (U.S.$4.5m). The earnings were after tax and outside interests, but excluded non-recurring capital gains of HK$3.96m.

Both the companies have increased their dividends for 1978 with increased final payouts. Hongkong Realty is to pay a final dividend of 10 cents on its "A" shares and 2 cents on the "B" shares, making the totals 17 cents and 3.4 cents respectively. The comparable total payouts last year were 16 cents and 3.2 cents.

Wheelock Maritime is to recommend final dividends of 22.5 cents on its "A" shares and 2.25 cents on the "B" class equity, making totals of 37.5 cents and 3.75 cents respectively, against last year's 35 cents and 3.5 cents.

Cheung Kong well ahead

By Anthony Rowley

HONG KONG, July 31.

CHEUNG KONG Holdings, a major property development group here, has announced doubled after-tax earnings of HK$79m (US$17m) for the six months ended June 30.

Cheung Kong has also forecast profits of at least HK$140m (excluding extraordinary items) for 1978 as a whole—an increase of around 40 per cent over 1977.

During the first half of this year, Cheung Kong made capital profits of just under HK$42m on the sale of assets, as well as HK$9m from a writeback of tax previously over provided.

Cheung Kong has traditionally concentrated chiefly on residential property development, but recently made incursions into the commercial property sector. It also obtained two substantial contracts to develop office projects in the Hong Kong central business district, in conjunction with the Mass Transit Railway Corporation.

G. J. Coles

The after-tax profit of G. J. Coles in the 52 weeks to June 24 would have been A$40.20m (against A$33.92m the previous year) had its equity accounted for K. Mart (Australia), Coles has said, Reuter reports from Melbourne. This corrects the figures of A$41.77m (A$34.66m) given in Coles' announcement on the reshuffling of ties with K. Mart Corporation of the U.S.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 31, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available: (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	75.00	Ecuador ...... Sucre	(C) 48.08 (F) 52.45	Liechtenstein... Swiss franc	3.35	Romania ...... Leu	(cm) 8.49 (n/c) T22.79
Albania ...... Lek	10.179	Egypt ...... Egyptian £	(O) 0.754 (T) 1.27	Luxembourg . Lux Franc	62.05	Rwanda ...... Rwanda Franc	170.52
Algeria ...... Dinar	7.66323	Ethiopia ...... Ethiopian Birr	(P) 4.0028	Macao ...... Pataca	9.66525	St. Christopher (S) ... E. Caribbean $	5.2199
Andorra ...... French Franc / Spanish Peseta	8.43 / 148.55	[illegible]	[illegible]	Madeira ...... Portug'se Escudo	87.75	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- * That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
- † Rupees per pound.
- ‡ The Anguya has replaced the CFA franc. The exchange was made at a rate of CFA Fr 5 to one unit of the new currency.
- ¶ General rates of oil and iron exports $1.132.
- ∥ Based on cross rates against Russian rouble.
- ** Rate is the Transfer market (controlled).
- †† Rate is now based on 2 Barbados $ to the dollar.
- ‡‡ Now one official rate.

Currency, Money and Gold Markets

Dollar continues to weaken

The U.S. dollar continued its recent decline in yesterday's foreign exchange market and reached record levels against the Swiss franc and Japanese yen. The fundamental reasons for the dollar's weakness remain unchanged. Disappointment with the outcome of the Bonn summit, concern over the U.S. economy and the continued heavy trade deficit with Japan, these remain the prime causes of the dollar's weakness. The general lack of confidence in the U.S. currency saw the Japanese yen improve to Y188.80 from Y190.30 having touched Y188.45 at one point. Similarly, the Swiss franc gained at the dollar's expense to SwFr 1.7345 against SwFr 1.7525 previously and at one stage reached a best level ever of SwFr 1.7300.

The West German mark was also stronger at DM 2.0375 compared with DM 2.0417½ on Friday.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.2 per cent from 8.9 per cent on Friday.

Sterling improved 65 points in terms of the dollar to close at $1.9310-1.9320. After opening at $1.9300-1.9310, the pound improved steadily to touch a best level of $1.9350-1.9360 before falling sharply to $1.9260-1.9270 during the afternoon before recovering to its closing level. Using Bank of England figures, the pound's trade weighted index

TOKYO—The dollar closed at Y190.8 in moderately active trading, down from Friday's close of Y192.125. Early selling of dollars pushed the rate down to Y190.30 but this initial trend was later reversed on fears over a possible move to introduce tighter controls on foreign exchange regulations. Turnover in the spot market was $474m while combined forward and swap trading accounted for about $557m.

ZURICH—In thin and generally nervous conditions, the dollar was fairly steady after touching a new low against the Swiss franc at SwFr 1.7430 and falling below Y190.0 against the Japanese yen. Trading was subdued with no central bank intervention detected.

FRANKFURT—The dollar was quoted at DM 2.0413 at the fixing and there was no intervention by the Bundesbank. Trading tended to be patchy during the morning but there was little movement after the fixing in generally subdued conditions. Against 22 other currencies, the Bundesbank trade weighted mark revaluation was unchanged at 145.1, up 0.4 per cent from the end of 1977. In later trading the dollar was slightly better at DM 2.0430 but trading remained quiet due to end of month balancing.

PARIS—With little in the way of fresh factors to influence the market, the dollar was lower against the franc in generally thin trading. The U.S. currency closed at Fr.4 3692½ from Fr.4.3775 on Friday. The West German mark was slightly easier at Fr.2.1403 from Fr2.1475 while sterling eased in terms of the franc to Fr8.4375 compared with Fr8.4530 previously.

MILAN—The lira fell to record levels against the Swiss franc and Japanese yen at the fixing. The yen was quoted at L4.467 compared with L4.406 on Friday while the Swiss franc rose to L482.3 from L476.6. On the other hand, the dollar continued to weaken to L842.1 against L844.35. Trading was not particularly heavy and the Bank of Italy did not appear to intervene at the fixing.

AMSTERDAM—The dollar was fixed at Fl 2.2060 which was down from Friday's fixing level of Fl 2.2315.

THE POUND SPOT

July 31	Bank rate %	Day's Spread	Close
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
Belgian Fr.	[illegible]	[illegible]	[illegible]
Danish Kr.	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Nrwgn. Kr.	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. * Rate for U.S.$ July 28 [illegible]. † Rate for D-Mark on July 28 [illegible] (close).

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

THE DOLLAR SPOT

July 31	Day's spread	Close
Canad'n $*	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Es	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

July 31	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

July 31	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 31	£	$		£ Note Rates
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand Dollar	1.8515-1.8398	0.9497-0.9519	Spain	1.46½-1.49
Saudi Arabia Riyal	6.52-6.62	3.38-3.43	Switzerland	3.45-3.50
Singapore Dollar	4.3475-4.3600	2.2530-2.2645	United States	1.9150-1.9350
South African Rand	1.6719-1.6890	0.8656-0.8744	Yugoslavia	35-37

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 31	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.932	3.938	364.5	8.450	3.350	4.260	1626	2.185	62.05
U.S. Dollar	0.518	1.	2.039	188.7	4.364	1.734	2.206	841.6	1.131	32.15
Deutsche Mark	0.254	0.491	1.	92.57	2.141	0.851	1.082	412.8	0.555	15.76
Japanese Yen 1,000	2.745	5.299	10.80	1000.	23.13	9.191	11.69	4460.	5.995	170.2
French Franc 10	1.186	2.291	4.671	432.4	10.	3.974	5.053	1928	2.591	73.61
Swiss Franc	0.299	0.577	1.175	108.8	2.516	1.	1.272	485.2	0.652	18.53
Dutch Guilder	0.235	0.453	0.924	85.56	1.979	0.786	1.	381.6	0.513	14.57
Italian Lira 1,000	0.615	1.188	2.422	224.2	5.186	2.061	2.621	1000.	1.344	38.17
Canadian Dollar	0.458	0.884	1.802	166.9	3.859	1.534	1.950	744.1	1.	28.40
Belgian Franc 100	1.612	3.115	6.346	587.4	13.59	5.399	6.865	2620.	3.521	100.

EURO-CURRENCY INTEREST RATES*

July 31	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10½-11	7½-8½	7¼-8	4⅛-4¾	⅛-¾	3⅛-3⅝	7-7¼	8¼-12¼	—	—
7 days' notice	10½-11	7½-8½	7⅞-8⅛	4⅛-4¾	⅛-¾	3⅛-3⅝	7⅞-8	11-12	7⅞-8⅛	—1⅛-1⅞
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	10½-10⅞	8⅝-8⅞	8⅛-8⅛	5⅝-6	1⅛-1¼	3½-3⅝	9⅛-9⅝	12-13	8⅞-9	1⅛-3⅛
Six months	11-11⅛	8⅞-9⅛	8⅞-8⅛	6⅛-6⅜	1⅛-2⅛	3⅝-3⅞	9⅞-10	12½-13½	9-9⅛	2⅛-3⅛
One year	11⅛-11⅜	9-9¼	9-9⅛	6⅛-7⅛	2⅛-2⅛	4⅛-4⅛	10⅛-10⅝	13¼-14⅛	9⅛-9⅛	2⅞-3⅛

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.25-8.35 per cent; six months 8.70-8.80 per cent; one year 8.90-9.00 per cent.

Long-term Eurodollar deposits: two years 9⅝-9⅝ per cent; three years 9⅝-9⅞ per cent; four years 9⅞-9⅞ per cent; five years 9⅞-9⅞ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian Treasury rates up

The Belgian Central Bank yesterday raised the rates on short-term Treasury certificates. One-month paper now stands at 5.9 per cent from 5.75 per cent; two-month at 6.15 per cent from 6 per cent and three-month certificates 6.35 per cent compared with 6.25 per cent previously. This follows last week's half point increase in the official Lombard and discount rates to 6 per cent. The move was no doubt prompted by the generally weak position of the Belgian franc within the European currency joint float or "snake." The franc has been hovering on or below its lowest permitted level against the West German mark of BFr 15.765. Call money was quoted at 3.0 per cent compared with 3.6 per cent on Friday.

NEW YORK—Federal funds were firmer at 7⅞ per cent from 7½ per cent on Friday as were rates on Treasury bills. Thirteen-week bills were quoted at 6.72 per cent compared with 6.71 per cent while 26-week bills rose to 7.32 per cent from 7.30 per cent and one-year bills at 7.72 per cent against 7.71 per cent previously. One-month certificates of deposit were unchanged at 7.77 per cent as was the two-month at 7.92 per cent while three-month deposits eased slightly to 8.03 per cent from 8.05 per cent.

FRANKFURT—After last week's sharp downward trend, call money rose from 2.85 per cent to 3.0 per cent. One-month funds were easier at 3.6 per cent from 3.65 per cent while three-month money was unchanged at 3.75 per cent. Six-month funds were quoted at 4.1 per cent, slightly easier than Friday's level of 4.15 per cent.

AMSTERDAM—Call money was quoted at 4¾-5 per cent compared with 4½-5 per cent on Friday while the one and three month rates were unchanged at 5¼-5¾ per cent and 6¾-7 per cent respectively. Six-month money was slightly easier at 6⅞-7⅛ per cent from 7-7¼ per cent previously.

PARIS—Day-to-day money was slightly firmer at 7¼ per cent from 7 per cent as were one-month funds at 7¼-7⅜ per cent compared with 7⅛-7¼ per cent previously. The three-month rate was quoted at 7⅜-7½ per cent, up from 7⅛-7¼ per cent while six-month eased a little to 7⅞-7⅞ per cent from 7⅞-8 per cent. One-year money rose to 8⅛-8⅛ per cent against 8⅛-8⅜ per cent.

HONG KONG—Conditions in the money market were tight with call and overnight money at 5⅜ per cent.

GOLD

Easier tendency

Gold lost $1 an ounce in the London bullion market yesterday to close at $200½-201. Trading during the morning was a little nervous with the metal fixed at $198.90. However, with the opening of New York and a weaker trend in the U.S. dollar, the metal was fixed at $200.25 during the afternoon. The metal touched $201 at one point during the day.

In Paris the 12½-kilo gold bar was fixed at Fr 27,950 per kilo ($198.79 per ounce) in the afternoon, compared with Fr 27,990 ($198.98) in the morning and Fr 28,100 ($198.74) on Friday afternoon.

	July 31	July 28
Gold Bullion (a fine ounce)		
Close	$200½-201	$201½-202
Opening	$198¾-199¼	$197¾-198¼
Morning fixing	$198.90 (£102.940)	$198.60 (£103.942)
Afternoon fixing	$200.25 (£103.612)	$201.50 (£104.691)
Gold Coins, domestically		
Krugerrand	$207-209 (£107¼-108¼)	$210-212 (£109-110)
New Sovereigns	$57¼-58¼ (£29¾-30¼)	$59½-61½ (£31-32)
Old Sovereigns	$57½-59½ (£30-31)	$59-61 (£30½-31½)
Gold Coins, internationally		
Krugerrand	$206-208 (£106½-107½)	$207-209 (£107½-108½)
New Sovereigns	$57½-59½ (£29½-30½)	$57½-59½ (£30-31)
Old Sovereigns	$57½-59½ (£30-31)	$59-61 (£30½-31½)
$20 Eagles	$285-288	$286-288
$10 Eagles	$145-149	$145-148
$5 Eagles	$105-108	$105-108

UK MONEY MARKET

Extremely large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day to day credit was in short supply in the London money market yesterday and the authorities gave an extremly large amount of assistance. This entailed buying a large number of Treasury bills and lending a moderate sum overnight at MLR to five or six houses. Indications were that the level of help was somewhat overdone although discount houses were paying around 9¾ per cent for secured call loans towards the close.

The market was helped by banks bringing forward balances above target and also the release of £440m of special deposits. On the other hand there was a substantial net take-up of Treasury bills and the repayment of Thursday's and Friday's official advances. Revenue transfers to the Exchequer exceeded Government disbursements and there was the settlement of a small number of gilt sales. In addition there was a small amount of local authority bills maturing in official hands.

In the interbank market overnight loans opened at 10¼-10½ per cent on the forecast of a small shortage. Rates firmed slightly to around 10⅞ per cent by lunch and during the afternoon touched 11 per cent before closing balances were taken in the region of 10 per cent. Longer-term interest rates were generally easier in response to feelings that MLR may be changed in the next few weeks.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 31 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9⅝-11	—	—	—	10⅜-10½	9¼-10	—	—	—
2 days notice	—	—	10⅜-10½	—	—	—	—	—	—	—
7 days	—	—	—	—	—	10½-10⅝	—	—	—	—
7 days notice	—	10⅛-10¼	10⅜-10½	—	10¾	—	9⅛-9⅝	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10¾
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate [illegible] ... Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10⅛ per cent; four-month trade bills [illegible] per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association): 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.1136 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.9375
Treasury Bills (13-week)	6.72
Treasury Bills (26-week)	7.32

GERMANY

Discount Rate	3
Overnight	3.00
One month	3.6
Three months	3.75
Six months	4.1

FRANCE

Discount Rate	9.5
Overnight	7¼
One month	7.3125
Three months	7.4375
Six months	7.875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.875

WORLD STOCK MARKETS

Wall St. 6 firmer on slower inflation hopes

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—99¼% (99¼%)

Effective $1.9315—48¾% (47¾%)

STOCK PRICES on Wall Street improved afresh over a broad front yesterday in another large turnover, overcoming renewed dollar weakness and initial profit-taking.

The Dow Jones Industrial Average, following the previous week's rise of 22.87, closed 5.98 higher at 862.27. The NYSE All Common Index advanced 41 cents further to a new 1978 high of $56.59, while gains outscored losses by 1,053 to 488. Trading volume came to 33.99m shares, marginally above last Friday's 33.97m.

Analysts said hopes that interest rates may peak and the pace of inflation may moderate contributed to the gain, as did hopes of a reduction in capital gains taxes. They added that investors are inclined to ignore negative news, such as dollar weakness, and act on positive developments.

Last Thursday's report of a drop in the basic money supply eased fears of further monetary tightening, while expectations that food prices will moderate generated hope that the pace of inflation may slow despite last week's news that inflation in June continued at a double digit pace.

The market has also been heartened by last week's report of a narrowing of the second-quarter trade deficit.

Yesterday, the Commerce Department reported that the U.S. index of leading economic indicators rose 0.4 per cent in June after a revised 0.1 per cent rise in May. Analysts commented that the report supported projections of continued moderate economic growth.

Building on last week's new high for the year, IBM advanced $3 more to $281½. Du Pont gained $2 to $120¾, nearing its recent 1978 peak of $121⅞.

Exxon, up $¾ at $46½, said it will drill its Baltimore Canyon well to a depth of 17,000 feet but would not comment on any findings. Earlier, it had planned to go to 14,900 feet.

Texaco, also drilling in the Baltimore Canyon, eased $⅜ to $25 in an active turnover. Mobil picked up $¾ to $63½ and Shell Oil $1⅜ to $33.

National Airlines, at its own request, did not trade. The Florida State Controller has sued to block Texas International Airlines' attempt to take over National. Texas International shed $¼ to $14 in American SE trading.

Citicorp, the leading active, were unchanged at $24¼—a block of 500,000 shares changed hands at $24¼.

Bankamerica, which after the close announced a dividend increase, were unaltered at $24⅝—a 400,000 share block was traded at $25½.

Gaming issues were strong. Playboy moved ahead $2⅞ to $21⅞ and Harrah's $2 to $25⅝. Golden Nuggett, on the Pacific Exchange, advanced $2¾ to $30⅜—it has taken an option on a Miami beach hotel.

THE AMERICAN SE Market Value Index advanced another 0.58 to 154.73. Volume 4.15m shares (4.01m).

Loews Theatre Warrants led the actives list and rose $1 to $17⅞. Syntex in second place, gained $1⅛ to $33⅞.

Resorts International "A" jumped 5⅞ to $85, but New York Times "A" lost $1 to $30 in active trading.

Canada

Markets continued to strengthen in heavy dealings, with the Toronto Composite index gaining 4.3 more to a fresh peak for the year of 1,193.8. Among the component groups, Metals and Minerals moved ahead 9.9 to 992.1 and Oils and Gas 2.5 to 1,543.3, but Golds, strong of late, came back 18.6 to 1,577.4.

The closing indices in Montreal were not available due to computer problems.

Among companies reporting higher earnings, Chieftain Development rose 1⅛ to C$28¼, Bralorne Resources ¼ to C$7½, Magnasonic Canada 10 cents to C$2.60, International Mogul Mines ⅝ to C$61, Dofasco "A" ¼ to C$28¼ and Transcanada Pipe, the most active issue, ⅛ to C$16⅞ on 215,650 shares.

Tokyo

Market made a mixed to firmer showing yesterday in moderate trading volume of 220m shares, with the Nikkei-Dow Jones Average gaining 13.47 to 5,601.34, helped by buying concentrated in domestic industry shares.

Brokers said that Press reports from Washington that U.S. Congressmen were seeking an import surcharge on Japanese products did not have much effect on the Tokyo stock market.

Export-orientated issues, easier at first on the yen's further appreciation against the U.S. dollar, improved later to close often higher on balance. Sony gained Y10 to Y1,590, Pioneer Electronic Y20 to Y1,710, Matsushita Communication Y40 to Y1,460, Toyota Motor Y7 to Y878 and Ricoh Y12 to Y524, but Canon were Y6 down at Y450.

Electric Machinery, Food and Brewery issues, Department Stores and low-priced Chemicals moved higher, while some Machine Tools shares also showed strength on reports of brisk sales, but Public Works stocks lost ground on profit-taking.

Nippon Telecommunications Construction rose Y180 to Y3,970, Nippon Television Networks Y120 to Y6,200, Kokusai Denshin Denwa also Y120 to Y3,950, Clarion Y80 to Y815, Japan Air Lines Y50 to Y2,700, Taiyo Sanso Y42 to Y420, Kinki Denki Koji Y41 to Y1,040 and Toyama Chemical Y35 to Y724.

On the other hand, Arabian Oil declined Y60 to Y1,690, Mochida Pharmaceutical also Y60 to Y1,700, Eisai Y30 to Y1,170, Makita Electric Y30 to Y1,230, SS Pharmaceutical Y26 to Y773 and Zenchiku Y21 to Y330.

Germany

Continuing to consolidate its position after the recent upthrust, the market closed with irregular movements following an active business. The Commerzbank index slipped back 0.9 more to 815.5.

Stores generally reacted after recent marked strength, with Karstadt losing DM4 and Kaufhof DM2.

Banks were easier-inclined, Commerzbank shedding DM1.50, while Engineerings had KHD down DM 3. Gutehoffnungshuette DM1.50 cheaper, but in Minings, Kloecknerwerke improved DM1.20.

On the Bond market, Public Authority issues recorded fresh losses mainly limited to 25 pfennigs, although the 10 per cent 1973 and 1974 Federal Loans were as much as 75 pfennigs weaker. The Regulating Authorities bought DM23.2m nominal of paper after buying DM11.5m last Friday.

Paris

Profit-taking brought an easier tendency yesterday in fairly active trading, breaking the market's strong upward movement of the past two weeks.

Apart from firmer-inclined Foods and Mechanicals and mixed Metals and Portfolios, declines predominated in all sectors.

Significantly lower at the end of the session were UCB, Suez, Moet-Hennessy, GTM, Hachette, Club Mediter, Cit-Alcatel, Radiotechnique, St. Gobain, Pompey, Elf-Aquitaine, CM Industries, Lyonnaise des Eaux, UTA and Pennaroya.

Australia

The firming trend continued yesterday, with BHP moving ahead 12 cents more to A$7.88.

Philip Morris added 8 cents at A$6.72 ahead of the preliminary statement, due later this week.

Among Uranium Stocks, Pancontinental rose A$1.10 to A$16.70 and Peko-Wallsend 14 cents to A$6.08 following last Friday's announcement that a team of Australian scientists have developed a new method for disposing of uranium waste.

CSR, which attracted investors on the announcement of Mount Newman's iron ore sale to China, advanced 8 cents to A$3.20.

On the strength of record gold prices, Central Norseman climbed 50 cents to A$10.20. Renison Tin, which reported a large profit increase last week, gained 30 cents to A$10.40, while Bougainville Copper appreciated 8 cents to A$1.44.

CRA put on 3 cents to A$2.87, while the rest of the diamond speculatives also hardened.

Coals had a mixed day, probably as a result of Government criticism of the Utah wage settlement. Utah shed 2 cents to A$4.28, Coal and Allied 5 cents to A$4.70 and Thiess 3 cents to A$2.85, but Oakbridge were 2 cents firmer at A$1.93.

Banks gained ground, but Retailers were nervous on expectations that even if the warehousemen's strike is settled it will be weeks before normal trading is resumed. Woolworths were a shade easier at A$1.59.

Hong Kong

Market firmed slightly in moderately active trading and the Hang Seng index rose 2.56 to 584.42, its highest level since November, 1973.

Among Blue Chips, Hong Kong Bank rose 30 cents to HK$19.70 and Hong Kong Land 10 cents to HK$10.50, while Jardine Matheson were unchanged at HK$15.70. However, Hutchison Whampoa and Swire Pacific lost 5 cents apiece to HK$6.30 and HK$9.05 respectively, and Wheelock eased 2.5 cents to HK$3.20.

Elsewhere, Hang Seng Bank moved up HK$9 to HK$171 ahead of the interim results. Tai Cheung Properties advanced 17 cents to HK$1.98, while Hong Kong Wharf and China Light put on 10 cents each to HK$27.90 and HK$26.50 respectively.

Johannesburg

Golds, strong of late, eased initially on the reaction in the Bullion price, but tended to pick up later on selective interest to close on a mixed note.

Mining Financials were quiet and generally at previous levels. Diamond issue De Beers gained 6 cents to R7.03. Platinum shares finished fractionally firmer, while Coal issues were selectively higher.

Switzerland

Easier for choice in light trading.

However, Elektrowatt gained 30 to SwFr 1,860 and Motor Columbus 20 to SwFr 815, reflecting favourable Press comment.

Brussels

Stock prices displayed a bias to higher levels.

Among Steels, Cockerill rose 14 to BFr 440, while Non-ferrous Metals had Asturienne up 46 at BFr 638. Petrofina, in Oils, put on 30 to BFr 3,740, while Holdings company Societe Generale advanced 15 to BFr 1,980.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◇ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK —DOW JONES

	July 31	July 28	July 27	July 26	July 25	July 24	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrial	862.27	856.29	850.57	847.12	839.57	831.86	866.87 (6/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.75	87.88	87.49	87.28	87.15	87.29	90.98 (4/1)	86.75 (11/7)	—	—
Transport	241.14	238.31	238.17	235.00	235.05	229.95	241.14 (31/7)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.66	106.46	106.09	105.98	105.95	105.38	110.98 (5/1)	102.84 (22/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	33,990	33,970	33,990	36,850	28,400	23,280	—	—	—	—

* Basis of index changed from August 28

Ind. div. yield %	July 28	July 21	July 14	(Year ago approx.)
	5.47	5.62	5.56	5.01

STANDARD AND POORS

	July 31	July 28	July 27	July 26	July 25	July 24	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	111.39	110.87	110.09	109.55	108.62	107.56	111.39 (31/7)	96.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§ Composite	100.88	100.00	99.54	99.08	98.44	97.72	100.88 (31/7)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	July 12	July 5	June 28	Year ago (approx.)
Ind. div. yield %	5.07	5.18	5.11	4.45
Ind. P/E Ratio	9.12	8.95	9.04	10.12
Long Gov. Bond yield	8.69	8.62	8.97	7.59

N.Y.S.E. ALL COMMON

July 31	July 28	July 27	July 26	1978 High	1978 Low
56.59	56.18	55.90	55.61	56.59 (31/7)	48.37 (6/3)

Rises and Falls

	July 31	July 28	July 27
Issues traded	1,916	1,881	1,887
Rises	1,053	960	1,005
Falls	488	537	497
Unchanged	377	384	387
New Highs	191	144	121
New Lows	8	10	8

MONTREAL

	July 31	July 28	July 27	July 26	1978 High	1978 Low
Industrial	—	192.48	190.82	190.11	192.48 (28/7)	162.80 (16/2)
Combined	—	208.84	199.65	199.01	200.84 (28/7)	170.62 (30/1)
TORONTO Composite	1193.8	1189.5	1187.5	1181.8	1193.8 (31/7)	998.2 (30/1)
JOHANNESBURG Gold	280.7	268.8	255.0	254.6	280.7 (31/7)	185.0 (20/4)
Industrial	252.1	252.8	251.3	250.9	252.7 (24/7)	194.9 (13/3)

	July 31	Previous	1978 High	1978 Low
Australia(*)	514.56	513.18	514.96 (31/7)	441.19 (1/3)
Belgium (‖)	97.01	96.57	[illegible]	90.45
Denmark(**)	97.22	97.08	99.13 (9/1)	94.00 (6/2)
France (‡‡)	76.3	76.7	76.7	47.8
Spain (d)	—	105.78	[illegible]	[illegible]
Sweden (c)	405.06	389.52	405.04 (31/7)	329.74 (5/1)
Switzer'd(f)	290.6	291.0	338.00	279.1 (26/4)

Remaining index entries (Germany, Holland, Hong Kong, Italy, Japan, Singapore) and base-date footnotes: [illegible]

MONDAY'S ACTIVE STOCKS: [illegible]

NEW YORK

[illegible]

CANADA

[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

EUROPEAN OPTIONS EXCHANGE

[illegible]

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	13 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 7-month deposits 7¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

GERMANY ◆

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

[illegible]

Securities Rand U.S.$0.72 (Discount of 37.4%)

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

COPENHAGEN ♣

[illegible]

SWITZERLAND ◇

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

STOCKHOLM

[illegible]

SPAIN ♥

[illegible]

Coffee export curbs urged

BY RICHARD MOONEY

LONDON COFFEE futures prices continued their sharp recovery yesterday when the September position gained another £67 to close at £1,323 a tonne — £231 above the two-year low reached early last week.

Prices had opened higher in line with the strong pre-weekend close in New York, but dealers could offer no fundamental explanation for the subsequent rise.

Some thought that a surprise plea for the imposition of export quotas by the Colombian delegation at this week's International Coffee Organisation talks in London might have encouraged speculative buying, but others saw this news as "bearish."

Sr. Arturo Gomez Jaramillo, president of the Colombian Coffee Federation, told the ICO's executive board meeting that it should take immediate action to regulate the international coffee market by the introduction of quotas. Such a move would involve over-riding International Coffee Agreement price triggers as, even following recent sharp falls, world coffee prices were well above the 77.46 cents a pound level at which quotas would be introduced under the terms of the agreement.

Any such action could only be taken at a full meeting of the International Coffee Council and would involve substantial renegotiation of the agreement. "The trigger price could not be altered in isolation" one London dealer explained.

It would appear, therefore, that all Sr. Gomez Jaramillo achieved was to underline the panic many producers feel at what they see as a coffee price crisis. In the long run this might push prices lower.

One producer showing no signs of panic, however, is Brazil, which at the week-end opened export registrations for October shipment at an unchanged minimum price level of $1.50 a lb—world prices now stand at under $1.30 a lb.

Plain tea price falls to two-year low

BY OUR COMMODITIES STAFF

THE AVERAGE price of plain teas auctioned at the weekly London sale yesterday fell 5p a kilo to 65p—its lowest level for about two years.

Quality grades fell 4p to 130p a kilo, while medium grades averaged 106p.

Mr. George Neale, president of the Tea Brokers' Association, said that the market was suffering from over-supply. Retail demand had been improving satisfactorily in line with recent price reductions, but there was still simply too much tea on offer.

He blamed what he termed the "Hattersley hiatus"—all tea sales were effectively stopped during March while Mr. Roy Hattersley, Prices Secretary, decided whether or not to impose a maximum retail price on tea.

But producers also had to carry their share of the blame for the sharp down-turn in prices. Encouraged by high prices at the London auctions they had tended to over-do their exports to Britain.

Good weather conditions and heavy crops had made things worse. East and Central African producers had had particularly heavy harvests.

The "Hattersley hiatus" meant that the last of the North Indian crop was still unsold, when normally it would have been cleared about six weeks ago.

Plain teas have now come down 23p a kilo since the turn of the year, while quality grades have fallen 22p.

Our Calcutta correspondent writes: The West Bengal Ministry has asked the state Tea Development Corporation to organise a co-operative tea plantation in North Bengal with member growers allotted one acre of land each.

The growers will hand over their output to the corporation for processing and marketing.

If the plan materialises, it will be the first co-operative tea plantation in the country.

The West Bengal Tea Development Corporation, which is now running only two tea gardens after taking them over as uneconomic units, intends to take over five more failed gardens in Darjeeling and Dooars.

Farmland fund trebles in a year

By Adrienne Gleeson

HILL SAMUEL'S Mutual Agricultural Property Fund trebled in size over the year to the end of March. At almost £13m at the end of the year, it had become the biggest of the institutional farmland funds, and a further £2.6m has subsequently been subscribed.

But however enthusiastic its unitholders are about the longer term prospects for farmland, Mutual Agricultural's directors are none too confident of the immediate future.

In fact Mr. Douglas Allison, the chairman, says that the prices recently achieved on some vacant farms "offer the prospect of immediate returns that we view as unacceptably low." The directors "should welcome a decline in land values, but should expect such a setback to be only short-lived."

Nevertheless, Mutual Agricultural is continuing to negotiate new purchases, though concentrating for the moment on let farms, "particularly those of high quality where a low immediate yield can more often be justified."

Last year the fund bought 11 farms, seven of them let, including its first hill farm, Hayfield and Doveholes in Derbyshire.

At the end of the year it owned 24 farms, or almost 13,000 acres, of which 7,463 acres were let, while the remainder was farmed in hand.

As expected, the switch of funds from high yielding deposits into lower yielding farmland meant that the income distributed per unit declined last year, from £84.44 to £60.15.

However, thanks in part to reversions, in part to an increasing yield on the in-hand farms, and in part to the fact that the money still on deposit is earning more, the fund should be able at least to maintain this distribution in the current year.

Mr. Allison points out that between October 1976 and October 1977, the rents on farms surveyed by the Ministry of Agriculture, Fisheries and Food rose by an average 47.6 per cent.

He says it would be unreasonable to expect rents to continue to increase at this pace, but that the growth in income should be sufficient to satisfy unitholders.

MOVE TO COMBAT GRASSHOPPERS

WASHINGTON, July 31.

THE U.S. Environmental Protection Agency has cleared the way for a broader application of four pesticides to combat plagues of grasshoppers raiding crops in Western states.

Reuter

Cancer confirmed in 50 cattle

BY CHRISTOPHER PARKES

THE TALLY of herds of cattle infected with a form of blood cancer previously unknown in this country is mounting.

Vets from the Ministry of Agriculture who two weeks ago began a painstaking check on all imported stock have confirmed the presence of the disease in nine herds.

The toll of cattle found to be suffering from the disease—enzootic bovine leukosis—has climbed to 50 head. There are also suspect animals in other herds.

All the confirmed cases have been found in animals of the Canadian Holstein breed, the Ministry said.

At present values, if the farmers involved elect to have their cattle slaughtered and take up the Ministry's offer of compensation at full market value, the bill could already be £100,000.

When the presence of the disease in Britain was formally acknowledged in London two weeks ago, officials said that a survey of imported cattle would be completed before any long-term policy for handling the disease was decided.

In the meantime, farmers were to be given the option of either isolating confirmed cases until this policy had been hammered out, or sending the diseased animals for slaughter and taking compensation.

Leukosis, which offers no known threat to human health, has been found in imported stock or animals bred from imports.

● At a sale of British Canadian Holstein cattle in Wiltshire, last week, buyers bid up to almost £3,000 for young breeding cows from the Bobetty herd.

Top price for a cow was 2,800 guineas and lowest 750 guineas.

Welsh trawler reprieve

BY ROBIN REEVES, WELSH CORRESPONDENT

MILFORD HAVEN'S one remaining trawler company has decided to continue fishing—at least for the time being—as a result of the Government's recent decision to introduce stricter fisheries conservation measures.

Norrard Trawlers, which operates five of the port's seven remaining trawlers, announced last month that it planned to go into voluntary liquidation because of sustained overfishing on Milford Haven's traditional fishing grounds in St. George's Channel.

The news was described then as the final blow for the port, which 25 years ago was the largest fishing centre on the West Coast of Britain.

Yesterday the company said that in view of the Government's decision to introduce more stringent conservation measures, it had decided to soldier on.

The key measure is regarded as the ban on small 40 mm mesh net sizes now being used by many of the Continental fishing vessels catching shrimps and prawns—and a considerable amount of valuable, undersized white fish besides.

From October 1, all vessels fishing in UK waters will have to comply with Britain's 70 mm mesh minimum or face arrest and heavy fines. This move is part of the unilateral conservation package introduced by Mr. John Silkin, Agriculture Minister, and now the target of objections in Brussels.

Milford fishing industry sources, however, do not think the Government's action goes far enough. They would like to see an outright ban on fishing in parts of the Western Approaches and the Irish Sea—notably the breeding grounds for its traditional sources of white fish—and off the north coast of Devon and Cornwall and the nursery grounds about 40 miles south-west of Pembrokeshire.

Storms flatten grain crops

By Our Own Correspondent

SUMMER STORMS have flattened large areas of grain in the main cereals growing regions of Britain, and yesterday the forecasters were expecting more heavy rain and thunder to keep the combine harvesters out of the fields.

Our correspondent in Norfolk reports that more than two inches of rain fell during Saturday and Sunday, knocking down most of the county's grain crop.

Winter barley is now ready for harvest but most other crops are not expected to be ready for cutting for several weeks.

Sources in Portsmouth say the southern region's winter barley crop is yielding slightly less than the average for the past two years. Quality is variable and moisture content is between 14 and 17 per cent.

Copper rise halted

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES fell back for the first time in eight trading days on the London Metal Exchange yesterday. Selling, mainly on behalf of speculators, brought a decline of £9.75 to £713.75 a tonne at the close.

With industrial activity at a seasonal low ebb during the summer holiday period, speculators are controlling the market to a large extent in the absence of the trade. Once values started to ease stop-loss selling in New York triggered off similar sales in London accelerating the downward trend in active trading conditions.

Stocks of copper held in LME warehouses fell last week by 5,350 tonnes reducing total holdings to 477,950 tonnes. It was the 12th successive weekly decline in stocks, but was in line with market expectations and, therefore, had virtually no effect on price movements.

Also ignored by the market was confirmation that Anaconda, one of the leading U.S. producers, has decided to follow the lead set by Kennecott and switch from a producer price system to basing its prices on the New York "free market" quotations.

The main surprise about the move is that Anaconda have made the decision just before the date (Wednesday) when the U.S. International Trade Commission is to vote on whether or not to back demands from domestic producers for a curb on copper imports into the U.S.

The fact that two leading producers are now basing their prices on market values that are strongly influenced by imports appears to undermine the case for special action against imports.

Meanwhile further evidence that Zambia is making strenuous efforts to solve its copper shipment delays was given yesterday by the signing in Dar es Salaam of protocols by Zambia, Tanzania and China resolving the current problems affecting the Chinese-built Tazara railway.

At the same time the announcement that Angola and Zaire have agreed to establish diplomatic relations at ambassadorial level must raise hopes for the re-opening of the Benguela railway providing an alternative export route for copper from Zaire and Zambia.

As predicted tin stocks in LME warehouses fell by 60 tonnes cutting total holdings to 3,535 tonnes. Shipping delays are expected to bring further reductions in stocks during the next few weeks, but much of the expected shortage has already been discounted on the market.

A decline in the Penang market over the weekend brought an easier opening trend in London in prices, but subsequently the market held steady in quiet trading conditions and cash tin closed only £45 lower at £6,480 a tonne.

Lead values were held up by news that Boliden, the Swedish metals group, has decided to halt production at its Roennskaer lead smelter from early August because of a shortage in supplies of concentrates from its own mine output and from alternative sources.

● Senator William Proxmire will offer a floor amendment aimed at deleting a large copper purchase from the stockpile bill expected to reach the Senate floor tomorrow, an aide said here, reports Reuter.

The spokesman said the Senator's amendment would cut the total amount authorised for purchases in the omnibus sales and acquisition bill from $379m to about $222m.

Senator Proxmire believes copper to be a very low priority item with little strategic significance.

Delays on U.S. sugar scheme

WASHINGTON, July 31.

IT WILL probably be September before Congress completes action on legislation for a domestic sugar price support programme, according to Mr. Bob Bergland, U.S. Agriculture Secretary, reports Reuter.

Mr. Bergland said yesterday that it was too early to forecast what might happen to the provisions approved by the House agriculture committee last Friday.

The Administration was studying the question of instituting more restrictive quotas on sugar imports, but no firm decision had been taken.

He was commenting on the vote by the House of Representatives agriculture committee to raise the support price of sugar to 16 cents a pound from 11.65 cents.

Sponsors of a 2½-cent increase agreed to reduce it under pressure from Administration officials.

Under the committee measure a series of import fees and duties would be imposed beginning this year on imported sugar to bring its price up to 16 cents a pound.

Australia's last whaling station to close soon

PERTH, July 31.

THE OPERATOR of Australia's only whaling station, Cheynes Beach Holdings, has said it will cease whaling soon because of uncertainties about its future.

The company operates whalers out of Albany, in Western Australia.

The official inquiry being conducted into whether whaling should continue or cease in Australia has had the unforeseen effect of discouraging the company's normal buyers of sperm oil from ordering forward.

This reluctance emerged early this year, but not until some directors visited sperm oil buyers in the UK and Europe in mid-July did the Board realise how serious was the move away from filtered sperm oil to alternatives.

The buyers attributed the trend to doubts about whether the company would get a 1979 whaling licence and consequently about continuity of supplies.

Potential demand had dropped and such demand as now existed was at prices below production costs, the company said.

Cheynes Beach said it had made one sale of 1,000 tonnes of sperm oil out of 1978 production, but costs would not be fully covered.

It forecast a substantial loss for 1978 against a A$363,000 profit last year.

The company satisfies a substantial proportion of free market demand for sperm oil as Japan and the USSR use most of their output domestically.

The company produced 4,154 tonnes of sperm oil and 2,967 tonnes of solubles and meat from a 677-whale kill last year.

Cheynes Beach said it had made no decision as yet on the closure date because it had to consider forward commitments for meal and solubles and the needs of Australian industry, which it supplied with refined sperm oil.

The company was considering altering its plant to process fishmeal, but Government aid would be necessary for this.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange with good volumes traded. Forward metal started at £728-£729 and moved up to £745 on covering. [illegible]

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £719, 18.5, three months £74?, 42.5, 42, 41.5, 41, 40.5, 40, 39.5. Cathodes: cash £713, 13.5, three months £730. Kerb: Wirebars, three months £740, 39.5. Afternoon: Wirebars, three months £733, 34, 33, 31, 32.5, 34, 35, 34.5, 35. Cathodes: three months £731, 30.5. Kerb: Wirebars, three months £735, 35.5, 35.

[illegible]

TIN—[illegible] £6,390 after a fall in the East over the weekend and fell to £6,370 on hedge selling. [illegible] Morning: Standard, three months £6,390, 85, 80, 85, 70, 75, 70. Kerbs: Standard, three months £6,375, 72, 70. Afternoon: Standard, three months £6,365, 75. Kerb: Standard, three months £6,375, 80, 85.

LEAD—Steady, held initially by trade buying [illegible]

ZINC—Easier in subdued trading [illegible]

I.G. Index Limited 01-351 3466. November Coffee 1243-1256
29 Lamont Road, London, SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

SILVER

Silver was fixed [illegible] an ounce lower for spot delivery in the London bullion market yesterday at [illegible] [illegible]

COCOA

Despite [illegible] [illegible]

COFFEE

ROBUSTAS [illegible] [illegible]

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing dull. Lewis and Peat reported a Malaysian godown price of 204 (205) cents a kg (buyer, August).

[illegible]

GRAINS

LONDON FUTURES (GAFTA)—[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

WOOL FUTURES

[illegible]

SOYABEAN MEAL

[illegible]

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: [illegible]

Pork: English, under 100 lb 37.0 to 44.0, 100-120 lb 36.0 to 43.0, 120-160 lb 35.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets, July 31. GB cattle 69.80p per kg. l.w. (−1.29). UK sheep 135.4p per kg. est. d.c.w. (−1.2). GB pigs 60.9p per kg. l.w. (−3.1). England and Wales—Cattle numbers down 10.6 per cent, average price 69.49p (−1.41); Sheep down 37.3 [illegible]

COVENT GARDEN [illegible] Italian: Rome Beauty per pound 0.20; Golden Delicious 0.19-0.20; Spanish: New crop per pound 0.20-0.24.

English produce: Potatoes—Per 56 lb 0.80-1.20. Lettuce—Per 12 0.60. Cos 0.60. Webbs 0.80. Rhubarb—Per pound, outdoor 0.08. Cucumbers—Per tray 12/24's 0.90-1.20. Mushrooms—Per pound 0.40-0.60. Apples—Per pound Grenadier 0.10-0.14. Tomatoes—Per 12-lb English 2.50. Cabbages—Per crate 1.80-2.00. Celery—Per 12 16's 1.80-2.00. Strawberries—Per ½-lb 0.35. Cauliflowers—Per 12 Lincoln 1.30-1.50. Black/red currants—Per bag 2.00-2.20. Broad beans—Per pound 0.11-0.12. Peas—Per pound 0.08-0.11. Cherries—Per pound black 0.30-0.40, white 0.20-0.30. Gooseberries—Levellers 0.25-0.35. Beetroot—Per 28-lb 0.60-0.80. Carrots—Per 28-lb 0.80-1.20. Capsicums—Per pound 0.20-0.30. Courgettes—Per pound 0.06-0.15. Onions—Per bag 2.00-2.20.

COTTON

LIVERPOOL COTTON—No spot or shipment sales were recorded. Users again avoided forward commitments and the turnover was narrow. F. W. Tattersall reported. Not more than occasional interest was displayed in certain American-type varieties, with North and South American in request.

Australian wool exports to rise

CANBERRA, July 31.

THE AUSTRALIAN Bureau of Agricultural Economics has forecast that Australian greasy wool exports, including slipe, will rise to 530m kilos in the 1978-79 season, July-June, from an estimated 520m in 1977-78.

In its first 1978-79 "Trends in Australian Agricultural Commodities" quarterly prepared in June, the Bureau forecast scoured and washed exports at 34m kilos (same), carbonised at 10m (same) and wool on skins at 70m (68m).

It forecast total exports of all four items at 665m kilos greasy equivalent (657m). The Bureau forecast wool tops exports at 10m kilos (same) and noils and waste at 3m (same). Reuter

PRICE CHANGES

Price per tonne unless otherwise stated.

	July 31 1978	+ or —	Month ago
Metals			
[illegible]			
Wheat			
No. 1 Red spring	£92.0		£93.5
No. 2 Hard Winter			
English Milling	£93	−1.75	£105
Cocoa shipment	£1,855	−15.0	£1,890
Future Sept.	£1,810.5	−68.0	£1,782
Coffee Future			
Sept.	£1,325	−87.0	£1,497.5
Cotton 'A' Index	70.45		70.55c
Rubber kilo	53.25	−0.25	55p
Sugar (Raw)	£89	−4.0	£95
Wooltops 64s kilo	281		283p

* Nominal. † New crop. ‡ Unquoted. k August. m June-August. n July-Sept. p July-Aug. q Sept. y August-Sept. z Per ton. x Indicator price cif, per 10 kilos.

FINANCIAL TIMES

July 31	July 28	Month ago	Year ago
247.68	246.92	240.16	244.91

(Base: July 1, 1952=100)

REUTER'S

July 31	July 28	Month ago	Year ago
1429.4	1424.0	1468.9	1518.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 31	July 28	Month ago	Year ago
Spot	357.83	351.56	359.09	370.40
Futures	347.67	345.45	345.87	343.81

(Average 1924-25-26=100)

MOODY'S

Moody's	July 31	July 28	Month ago	Year ago
Staple Commty	912.2	916.9	920.9	45.6

(December 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.90, codlings £2.50-£3.40; large haddock £4.20-£4.80, medium haddock £3.40-£3.80, small haddock £2.50-£3.00; large plaice £4.50-£5.00, medium plaice £4.50-£4.80, best small plaice £3.80-£4.60; large skinned dogfish £9.00, medium £7.00; large lemon soles £6.00, medium £5.00; saithe £1.60-£2.00.

★

DUNDEE JUTE—Quiet. Prices c and f UK for Sept.-Oct. basis current freight: BWB and BTB £256, BWC and BTC £246, BWD and BTD £238. Calcutta goods and yarn unchanged. Quotations for August shipment: 40-inch 10-oz £974, 7½ oz £756, per 100 yards: Sept. £973-£750, Oct. £970-£746. "B" twills £26.60, £27.02, £27.51.

U.S. Markets

Gold hits new 'highs'; copper falls

NEW YORK, July 31.

PRECIOUS METALS rallied sharply, with gold establishing historic "highs" as the weakness in the U.S. dollar continued. Copper eased on speculative liquidation, after reports of increased production in the Kolwezi area. Cocoa rallied on Chartist and trade arbitrage buying. Sugar closed sharply lower on trade and Commission House selling.

Cocoa—Sept. 152.45 (150.95), Dec. 148.60 (146.10), March 144.70, May 142.15, July 139.75, Sept. 137.70, Dec. 133.90. Sales: 423 lots.

Coffee—"C" Contract: Sept. 125.25-125.30 (124.44), Dec. 121.00-121.25 (118.00), March 113.75-116.30, May 113.50, July 110.00-110.25, Sept. 108.00-110.00, Dec. 106.00-109.00. Sales: 694 lots.

Copper—Aug. 62.40 (62.75), Sept. 63.00 (63.75), Oct. 63.60, Dec. 64.85, Jan. 65.45, March 66.60, May 67.65, July 68.70, Sept. 69.70, Dec. 71.25, Jan. 71.60, March 72.55, May 73.65. Sales: 5,300 lots.

Cotton—No. 2: Oct. 61.15-62.20 (61.63), Dec. 63.80-63.90 (63.40), March 65.40, May 65.55-66.45, July 67.30-67.40, Oct. 65.00-65.20, Dec. 65.50. Sales: 6,030 bales.

*Gold—Aug. 203.50 (200.60), Sept. 204.90 (202.00), Oct. 206.60, Dec. 209.90, Feb. 213.10, April 216.30, June 219.90, Aug. 223.30, Oct. 226.80, Dec. 230.30, Feb. 233.80, April 237.30, June 240.90. Sales: 13,000 lots.

†Lard—Chicago loose 22.50 (same). NY prime steam 24.00 traded (same).

†Maize—Sept. 225¼-226 (227¼), Dec. 231-235 (234½), March 241-244, May 240, July 250½, Sept. 251½ nom.

§Platinum—Oct. 263.10-265.90 (263.10), Jan. 272.90-273.00 (269.40), April 277.20-277.30, July 281.90-282.10, Oct. 286.40-286.60, Jan. 291.20-291.40. Sales: 1,055 lots.

*Silver—Aug. 564.60 (556.10), Sept. 569.20 (560.60), Oct. 573.50, Dec. 581.70, Jan. 585.50, March 594.40, May 603.20, July 612.20, Sept. 621.20, Dec. 635.10, Jan. [illegible] 11,500 lots. [illegible]

Soyabeans—[illegible]

Soyabean Meal—[illegible]

Soyabean Oil—[illegible]

Sugar—[illegible]

Tin—[illegible]

**Wheat—[illegible]

WINNIPEG, July 31. Rye—[illegible]

Oats—[illegible]

Barley—[illegible]

Flaxseed—[illegible]

Wheat—[illegible]

All cents per pound ex-warehouse unless otherwise stated. [illegible]

COMPANY NOTICES

MALAYSIA MINING CORPORATION BERHAD

UNITED KINGDOM SHARE REGISTRATION SERVICES

At recent Board meetings of certain of the Malaysia Mining Corporation Berhad group of companies, for whom Charter Consolidated Limited has been providing share registration services in the United Kingdom, it was agreed, in view of a gradual decline in the number of shareholders and shares on the United Kingdom Branch Registers, that such registers be closed down.

Accordingly, with effect from 1 August 1978, no further transfers will be accepted by Charter Consolidated Limited and all communications on Share Registration matters for the companies shown below should be made to the Registrars in Kuala Lumpur, Messrs. Pernas Charter Management Sdn. Berhad, Wisma Bunga Raya, 152, Jalan Ampang, Kuala Lumpur, Malaysia.

Pernambi Tin Dredging Berhad
Kampong Lanjut Tin Dredging Berhad
Kramat Tin Dredging Berhad
Kuala Kampar Tin Fields Berhad
Lower Perak Tin Dredging Berhad

Charter Consolidated Limited,
United Kingdom Agents,
40 Holborn Viaduct,
London EC1P 1AJ
1 August 1978

CLASSIFIED ADVERTISEMENT RATES

	per line £	single column cm. £
Commercial and Industrial Property	4.50	14.00
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Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

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Classified Advertisement Manager,
Financial Times, 10, Cannon Street, EC4P 4BY.

STOCK EXCHANGE REPORT

Markets drift in absence of follow-through support

Equity index slips 2.7—Gilts close mixed—Golds rally late

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

A slightly easier tendency in stock markets yesterday at the start of the second week of the Account owed more to lack of buying activity rather than to any pressure to sell. Leading equities were noticeably quiet after the recent good spell, while Gilt-edged securities passed a session of readjustment to both terms and the implications of the new long tap stock, announced late on Friday. Gold shares *turned reactionary* but *recovered* late on revived American support.

It was thus left to situation stocks, companies reporting trading news and beneficiaries of weekend Press comment to provide the features. These were plentiful and illustrated the underlying firmness of the industrial sector, reflected in rises retaining their advantage over falls in FT-quoted industrials, albeit by only a narrow margin.

Suggestions that today's Confederation of British Industry's quarterly survey of industrial trends would continue to be cautious about economic prospects probably caused some potential buyers to hold back. Similarly, institutional sources may have reserved their funds in the hope that assumed speculative bull positions might be liquidated as the Account draws to its close.

Although small offerings of the leaders were easily absorbed at slightly lower prices by jobbers only too ready to balance their commitments, the tone in the after-hours' business became that much easier and the FT 30-share index, marginally firmer at the first calculation, ended 2.7 down at the day's lowest of 489.4.

British Funds pursued diverse trends in a generally light trade. The longs opened around Friday's late levels and, reflecting the terms of the new tap, stocks maturing from 1997 onwards all eased, while those in the 1990-95 area made small improvements on yield considerations. Initial easiness among the shorts aroused renewed support from investors hopeful of a fall soon in minimum lending rate, and losses, extending to ¼, were eventually transformed into marginal gains. Continued small demand for selected low-coupon issues raised **Exchequer 3 per cent 1983** by ¼ to 81¼ and **Treasury 3 per cent 1982** by ¼ to 85¼.

Announcement of the private placing of £5m **Northampton Variable 1983** stock made little impact on Corporations, while recently issued Fixed Interests featured first-time dealings in **Jenners, Princes Street**, 10 per cent Preference, placed to the public at 96p, at 98p. **Southern Rhodesian** bonds were lowered by about two points following news of the cross-border raid into Mozambique.

Sterling's resumed upturn failed to have any lasting effect on rates for investment currency which, after easing to 98¼ per cent, rallied to close a shade harder on balance at 99¼ per cent. Yesterday's SE conversion factor was 0.6754 (0.6763).

In line with decreased activity in the equity market, the volume of business transacted in Traded Options was small despite the fact that dealings started a quarter of an hour earlier. Of the 427 contracts completed, over 70 per cent was done in two stocks, **Land Securities** and **Cons Gold**; the former were particularly favoured with 195 trades, 139 of them in the October 240 series.

Midland down again

Interest in the major clearing banks was minimal in the wake of the disappointing interim dividend season and prices subsequently drifted lower on lack of support. Comment on **Midland's** poor first-half profits prompted a fresh fall of 4 to 348p, making a two-day fall of 17, while **Lloyds** closed similarly easier at 258p. **Barclays** softened 2 to 340p as did **NatWest** to 268p. Elsewhere, Discounts finished easier in places. In Merchant Banks, **Minster Assets** relinquished 2½ to 60p in reaction to adverse comment.

Breweries fluctuated within narrow limits in idle trading. **Allied** ended unchanged at 87½p, but losses of a penny were sustained by **Bass Charrington**, 165p, and **Whitbread** "A," 97p. Elsewhere, **Distillers** shaded 2 to 195p.

In quiet Buildings, continued speculative interest left **Brown and Jackson** 6 to the good at 160p and, in response to the chairman's prediction of a substantial rise in profits, **Heywood Williams** hardened a penny to 125p. Timber shares attracted buyers and **Phoenix** added 7 to 184p, while **International** and **Y. J. Lovell** firmed 4 apiece to 136p and 90p respectively. Buyers also came in for **Mixconcrete**, 3 higher at 72p. Following a broker's bearish circular, **Tarmac** closed 4 lower at 152p. Further speculative demand lifted **Ibstock Johnsen** 6 to 190p and in late dealings **Tilbury Contracting** firmed 3 to 285p.

ICI traded quietly and eased a penny to 390p, while **Fisons** shed 6 to 362p. **Crystalate** put on 2½ to 33p, but **Carless Capel** shed a penny to 35p on profit-taking following recent speculative interest. **Yorkshire Chemical** were quoted at 95p ex the rights issue; the new nil paid shares moved between extremes of 9p and 13p before the close of 11p premium.

Interest in Stores yesterday centred almost entirely upon secondary issues. Week-end Press comment drew buyers' attention to **Aquascutum** and the ordinary closed 6 higher at 51p and the A 2½ up at 47½p. **Fortnum and Mason** also responded to favourable comment with a gain of 25 to 775p and buying on recovery hopes lifted **Hardy**, 32p, and the A N/V, 31, by 6 and 7 respectively. Speculative buying of **Bourne and Hollingsworth** continued in anticipation of early news of the bid approaches and the shares, after last week's jump of 97, improved further to touch 230p before closing a penny harder on balance at 213p. Bid hopes helped **Grant Bros.** advance 8 afresh to 98p and left **Liberty** a couple of pence to the good at 138p. The chairman's encouraging statement left **Court** A 4 up at 122p, while **Dewhirst** were wanted at 71p, up 4½. The subdued leaders were featured by a fresh jump of 4 to 120p, after 121p, in **Combined English** following Press mention. **House of Fraser**, on the other hand, cheapened 6 to 150p.

Up 33 last week, **Farnell Electronics** attracted fresh support and rose 7 further to 340p. **Laurence Scott**, a dull market of late, rallied 4 to 105p. **GEC** closed 3 off at 276p, and adverse publicity given to its scanner interests clipped a penny from **EMI** at 148p. **Philips' Lamp** were dull at 895p, down 7.

Engineering leaders moved narrowly and generally closed with modest losses. **GKN**, 278p, **Hawker**, 228p, and **Vickers**, 170p, cheapened 2 but **John Brown** picked up late to close unchanged at 418p, after 414p. Elsewhere, still reflecting a Press report suggesting that the group possesses good potential for future profits growth, **Ricardo** improved 11 more to 217p for a two-day advance of 27. **Aurora** added 3 to 90p on Press comment and buying on recovery hopes helped **General Engineering (Radcliffe)** recover 1½ to 13½p. **Staveley Industries**, 296p, and **Tecalemit**, 138p, rose 4 and 5 respectively.

Foods rarely moved far from Friday's closing levels. Press comment generated a speculative flurry in **Robertson** which touched 131p before closing only 2 better on balance at 128p. **Associated Biscuit** remained at 76p following news of the purchase of two German companies, but small selling clipped 3 from **Bishop's Stores**, at 152p, and 5 from **Joseph Stocks**, at 145p.

Following last week's advance of 16 on the increased profits forecast, **Ladbroke** met light profit-taking and eased 3 to 166p: the company has purchased the George Racing Organisation and its subsidiaries for £1.4m. **Myddleton** lost a like amount at 267p, but **Trust Houses Forte** edged forward 2 to a 1978 peak of 236p.

With the exception of **Pilkington**, which rose 17 further to 602p ahead of the forthcoming 100 per cent scrip issue, miscellaneous Industrial leaders turned easier as recent buying interest dried up. **Bowater**, 190p, **Metal Box**, 342p and **Unilever**, 528p, all closed 4 lower, while **Beecham** ended 2 lower at 685p, after 689p. Ahead of Thursday's first-quarter figures, **Reed International** softened 2 to 145p. **UKO International** were firm among secondary issues, rising 10 to 160p in response to the chairman's optimistic remarks on current year prospects, while a Press suggestion that De La Rue could be a likely suitor helped **Chubb** improve 3 to 133p.

Coral Leisure shaded a penny to 99p, after 98p, on disappointment with the interim figures and comment on the poor preliminary results brought about a reaction of 2½ to 6½p in **Staflex International**. **Wood and Sons** were marked 12 lower to 48p on the announcement that Newman Industries' bid, worth just over 58p per share, has lapsed and **Anglo-American Asphalt** declined 3 to 48p in reaction to the annual profits setback.

Flight Refuelling continued firmly rising 4 to 187p for a two-day gain of 10 following Press comment. Other Motors and Distributors were quietly firm, sentiment buoyed by reports of good trading ahead of the introduction of T registrations. **Lex Service** hardened a penny to a 1978 peak of 87p, while **Abbey Panels** put on 2 to 54p and **Adams and Gibbon** 4 to 51p. **Jonas Woodhead**, still on the chairman's statement, picked up 2 more at 92p.

In mixed Newspapers, **Associated** shed 3 to 181p, but **Daily Mail "A"** added a penny to 343p. Unsettled by the Sun Newspaper dispute, **News International** finished 5 cheaper at 270p. Elsewhere, **Jefferson Smurfit** eased 3 to 200p on the news that Continental Incorporated had disposed of its substantial holding.

After a much diminished trade, leading Properties displayed modest falls. In continued response to comment on prospects following the abortive bid talks, **English Property** cheapened a penny more to 36p. Selected secondary issues met occasional demand; **Chesterfield**, 322p, and **McKay Securities**, 235p, responded to buying in thin markets and added 7 and 15 respectively, while housebuilder **Percy Bilton** improved 5 to 181p. Elsewhere, **Property and Reversionary "A"** gave back nearly all of Friday's gain of 8 at 297p, but **Property Holding Investment** continued firmly and closed 6 higher at 308p. **Property Partnerships** eased 2 to 110p on the proposed £641,500 rights issue, but **Bernard Sunley** hardened a penny to 233p, after 235p on a Press mention.

In a quiet trade, **British Petroleum** eased 10 to 846p following a lower opening on Wall Street, but **Shell** maintained Friday's close of 562p. **Lasmo** firmed 2 to 156p on a Press mention with the "Ops" improving 5 to 350p. Still excited by the important oil discovery close to the Buchan Field, **Charterhall** gained 3½ more to 29p and **Cluff** put on 25 to 450p.

Following last week's fall of 35 on the profits setback, **Inchcape** lost 3 more to 365p. Other Overseas Traders were idle and featureless.

Small gains littered Investment Trusts following a light trade. **Crossfriars** edged forward a penny to 79p on the preliminary figures, while Capital issues had **Ambrose** 2 firmer at 67p and **City and Commercial** 4 better at 117p.

Kellock, following the successful conclusion of the Scheme of Arrangement for the merger with Belgrave Assets, returned from suspension to be traded under Rule 163 (2) and, after opening at 25p, closed at 38p, following a reasonable trade. Elsewhere in Financials, interest was shown in **Haw Par**, 2 up at a 1978 peak of 38p.

Furness Withy once again provided the focal point for a lacklustre Shipping section, improving in active trading to close 9 better at 252p on revived speculative interest. **Ocean Transport** held at 107p despite adverse Press comment, while small buying lifted **British and Commonwealth** 4 to 284p.

Press comment directed attention to **British Mohair**, which rose 3 to *a 1978 peak of 53p*. Elsewhere in Textiles, **A. Martin** hardened 3 to 103p and **Allied** moved up 4 to 156p.

Golds dip and rally

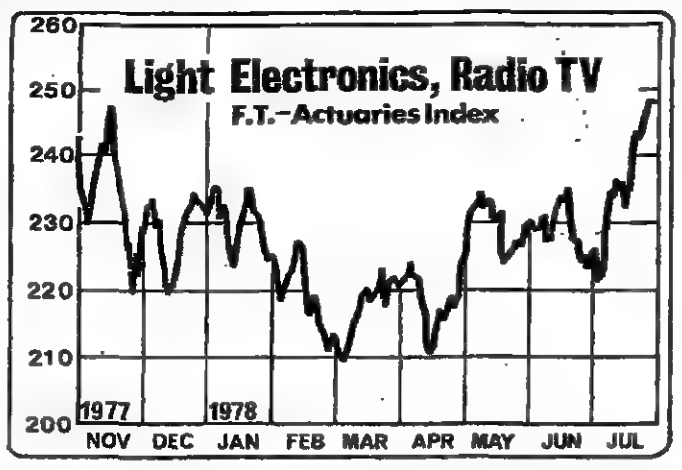
South African Gold shares recovered after a lower start as U.S. investors moved into the market. Prices often finished higher in dollar terms, but the sterling list was **mixed**. Some falls were wiped out and turned into gains as in the case of **West Dries** which finished ¼ higher at £23. Others came back closer to their overnight levels but some, like **Hartebeest**, ¼ lower at £14½, still registered *falls*.

The movement of the bullion price proved to be the decisive factor. Markedly lower in the morning, it induced an easier tendency in subdued trading. But when it recovered in the afternoon, passing through $200 again, eventually to close $1 lower at $200.625 an ounce, it revived interest in the market.

South African Financials were quiet for most of the day but **Johannesburg Consolidated Investment** attracted some interest and gained ½ to £13½. **De Beers** remained steady at 350p.

There was a firm undertone among Australians, helped by the steady performance of Sydney overnight, but business was subdued. Gold-oriented stocks like **Bougainville**, with a rise of 3 to 133p, were firm. **Pancontinental**, which will have gold as a by-product of its uranium, hardened ½ to £14½.

Among the smaller stocks, **Northern Mining** met some London selling and fell 2 to 114p. But the feature was **Haoma Gold**, which advanced 6 to 60p on news of its joint diamond exploration venture with Selection Trust. Its sister company, **North West Mining**, which is also involved, started easier, but rallied to close unchanged at 44p.



ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	11	390	−1	396	328
BATs Defd.	25p	9	284	—	296	227
BP	£1	9	846	−10	890	720
Bourne & H'worth	25p	7	213	+1	213	79
Burmah Oil	£1	7	67	−1	73	42
Charterhall	5p	7	29	+3½	30	21
Inchcape	£1	7	365	−3	445	330
Shell Transport	25p	7	562	—	586	484
Thomson Org.	25p	7	282	—	305	155
Aquascutum A	5p	6	47½	+2½	47½	33
BICC	50p	6	[illegible]	−1	125	90
Barclays Bank	£1	6	340	−2	358	296
Comb. Eng. Stores	12½p	6	120	+4	121	73
Coral Leisure	10p	6	99	−1	144	93
Pilkington	£1	6	602	+17	602	422

FINANCIAL TIMES STOCK INDICES

—	July 31	July 28	July 27	July 26	July 25	July 24	A year ago
Government Secs.	70.61	70.74	70.79	70.88	71.07	70.99	68.53
Fixed Interest	72.38	72.25	72.21	72.21	72.23	72.05	68.42
Industrial Ordinary	489.4	492.1	488.8	482.0	485.4	483.9	446.3
Gold Mines	183.3	185.4	173.2	170.6	175.4	180.3	117.9
Ord. Div. Yield	5.45	5.41	5.45	5.51	5.47	5.50	6.42
Earnings, Y'ld% (full)*	16.52	16.42	16.53	16.75	16.60	16.68	16.19
P/E Ratio (net)*†	8.09	8.13	8.08	7.99	8.05	8.01	8.94
Dealings marked	5,045	5,517	4,778	5,168	5,450	4,952	4,982
Equity turnover £m	—	101.71	76.19	62.98	84.37	82.96	59.37
Equity bargains total	—	19,416	16,463	16,556	18,537	17,183	10,408

10 am 492.2, 11 am 490.7, Noon 490.8, 1 pm 490.0, 2 pm 491.0, 3 pm 490.6.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.59.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/5)	137.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	183.4 (28/7)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 31	July 28
—Daily		
Gilt-Edged	184.7	168.4
Industries	176.6	190.8
Speculative	42.5	37.8
Totals	114.8	125.6
5-day Average		
Gilt-Edged	164.8	163.3
Industrials	184.0	181.3
Speculative	40.5	42.6
Totals	118.2	117.7

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	21	27	30
Corpns., Dom. and Foreign Bonds	7	3	50
Industrials	290	272	976
Financial and Prop.	127	55	312
Oils	7	11	16
Plantations	6	1	26
Mines	25	45	50
Recent Issues	11	5	31
Totals	494	419	1,521

LONDON TRADED OPTIONS

Option	Exercise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	125	—	143	—	—	—	849p
BP	800	78	—	105	—	123	—	"
BP	850	45	—	75	—	93	—	"
BP	900	[illegible]	—	48	5	65		"
[illegible]								

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5

For rate indications see end of Share Information Service

Stocks favoured for the call included **Feedex, Burmah Oil, English Property, Charterhall, Thomson Organisation, Robertson Foods, J. Lyons, Coral Leisure, British Land, National Carbonising** and **President Steyn**, while doubles were arranged in **Charterhall, Slough Estates, Mothercare, Premier Consolidated Oil, English Property** and **Burmah Oil**.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (167)

BRITISH FUNDS (1)
CANADIANS (1)
BEERS (1)
BUILDINGS (10)
CHEMICALS (3)
DRAPERY & STORES (13)
ELECTRICALS (7)
ENGINEERING (12)
FOODS (2)
HOTELS (2)
INDUSTRIALS (27)
INSURANCE (1)
MOTORS (2)
PAPER & PRINTING (1)
PROPERTY (4)
TEXTILES (8)
TRUSTS (60)
OVERSEAS TRADERS (1)
MINES (5)

NEW LOWS (6)

BRITISH FUNDS (1)
Treas. 8¾pc 1997
ENGINEERING (1)
Allen (E.) Balfour
INDUSTRIALS (2)
Jacobs (J. I.) Staflex
SHIPPING (2)
Anglo Am. Asphalt Renciman (W.)

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — Mon., July 31, 1978 — GROUPS & SUB-SECTIONS

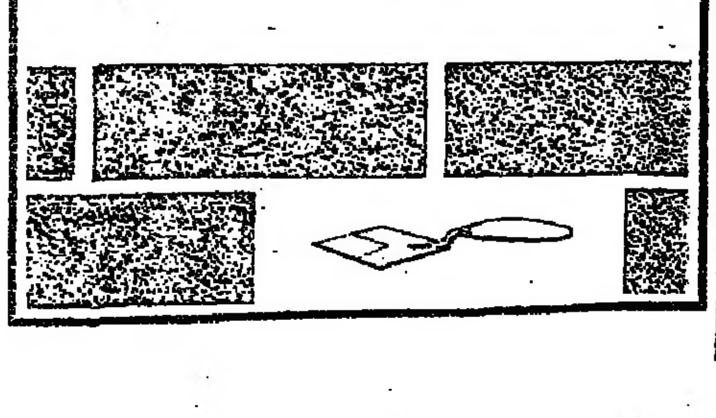
Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST PRICE INDICES — British Government — FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

[illegible]

INSURANCE, PROPERTY BONDS



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Hill Samuel Overseas Fund S.A.
37, Rue Notre-Dame, Luxembourg

	$US19.11	20.19 -0.10	—

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St, Sydney, Aust.

Javelin Equity Tst	$A2.12	2.23	—

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extral. Tst.	174.0	185.0	—

As at June 30. Next sub. day July 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK293.94	...	2.50
Jardine J'pn Fd.*	$HK362.70	...	0.90
Jardine S.E.A.	$US17.22	...	1.80
Jardine Flem. Int.	$HK10.55	...	—
Intl Pac. Secs. (Inc.)	$HK12.97	...	—
Do (Accum.)	$HK13.09	...	—

NAV July 14. *Equivalent $US78.00. Next sub. July 31.

14, Rue Aldringer, Luxembourg

U.S. Tst. Inv. Fnd.	$10.93	-0.05	0.92

Net asset July 28.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2 01-600 4555

Conv. Bd. July 28	$US9.73	+0.06	—
Engy. Int. July 28	$US18.22	+0.29	—
Gr. St. $Fd. June 30	$US7.08		—
Merc. Ebd. Fd. July 26	$US18.12	18.22	9.2902

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd June 31	[illegible]	[illegible]	-0.11	—
CMT Ltd June 31	£13.20	13.55	-0.45	—
Metals Tst. July 20	£11.89	12.18	...	—
TMT July 14	[illegible]	[illegible]	...	—
TMT Ltd July 14	£10.36	10.63	...	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US16.23	-0.05	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ◊ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 18th July, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	129.77
Clive Fixed Interest Income	115.70

CORAL INDEX: Close 488-493

INSURANCE BASE RATES

† Property Growth	10½%
† Vanbrugh Guaranteed	9.20%

† Address shown under Insurance and Property Bond Table.

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
[illegible]	[illegible]	[illegible]	24	......	—	—
40	[illegible]	[illegible]	40	......	—	—
[illegible]	[illegible]	[illegible]	98	......	—	f3 10
415	350	[illegible]	410	......	$4\frac{1}{2}$	—
54	[illegible]	[illegible]	54	......	$3\frac{1}{2}$	16 48
51	[illegible]	[illegible]	51	......	6	16 00
44	40	[illegible]	43	......	4	14.65

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 48% (based on U.S.$1.8321 per £)
Conversion factor 0.6754 (0.6763)

CANADIANS

S.E. List Premium 48% (based on $2.1860 per £)

BANKS AND HIRE PURCHASE

29	19	Goode D't Mry 5p	23	......	0.13	—	0.8	—
133	96	Grindlays	133	......	2.79	7.1	3.1	4.7
260	185	Guinness Peat	242	......	†10.15	—	6.3	—
217	155	Hambros	160xd	......	9.76	—	9.1	—
100	81	Hill Samuel	91	−1	4.97	—	8.2	—
600	325	Do. Warrants	375	......	—	—	—	—
347	203	Hong Shng $2.50	325	+1	hQ59c	—	2.1	—
69	52	Jessel Toynbee	62	......	h3 32	—	8.0	—
215	160	Joseph Leo £1	215	......	8.74	—	6.1	—
52	37	Keyser Ullmann	51	......	0.67	—	2.0	—

BANKS & HP—Continued

Hire Purchase, etc.

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CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

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FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

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INV. TRUSTS—Continued

FINANCE, LAND—Continued

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FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
61	35	[illegible]	51	−1	—	—	—
17	9	[illegible] Mines	14				
300	215	[illegible]	230	−5	[illegible]	2.6	‡
465	245	[illegible]	385	−10	—		
234	164	R.T.Z.	228	+1	9.64	2.6	6.3
90	30	Sabina Inds. C$1	54		—	—	—
£12	750	Tara Expln. $1	862	−13	—		
45	43	[illegible]	45		1.65	ϕ	4.5
180	120	Yukon Cons. C$1	173		Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax-free to non-residents on application.
- Figures or report awaited.
- Unlisted security.
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

[illegible]

"Recent Issues" and "Rights" Page 24

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. [illegible]

IRISH

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday August 1 1978

FRENCH AIR TRAFFIC CONTROLLERS PLAN FURTHER ACTION

Queues grow at European airports

BY MICHAEL DONNE IN LONDON AND DAVID CURRY IN PARIS

THE AIR travel chaos which has already stranded thousands of passengers at Western European airports may continue this week, and get worse next weekend when French air traffic controllers resume their work-to-rule.

Late yesterday, the controllers *said that, in the absence of any* Government moves to negotiate on their claims for higher pay and better working conditions, they would continue their industrial action until Wednesday, and then resume it this weekend, for the fourth consecutive weekend.

The French Government is refusing to negotiate while the industrial action persists and M. Raymond Barre, the Prime *Minister, has commented that* the controllers should "come as quickly as possible to a better understanding of their responsibilities towards air travellers."

M. Joel le Theule, the Transport Minister, who says the action is "unjustified and unacceptable," has indicated that he will listen to the controllers' grievances when normal working has been resumed.

He claims that the controllers are fully aware of the Government's intention to make special provision in next year's budget for investment to improve the quality of the equipment, and that recruitment of further staff will follow.

The controllers, who operate *the four centres of Athis-Mons* (Paris and the north-east); Brest; Bordeaux; and Aix, have so far mounted separate actions.

The present action will end on Tuesday evening or Wednesday morning, depending on the centre, to be followed in most places by mass meetings. At the same time, delegates will attend a joint meeting, probably at Athis-Mons.

They claim better pay, integration of bonuses into salaries, immediate investment in modern equipment and an end to the system of dual civil and military controllers, which they claim limits employment and promotion.

Air traffic controllers are bracketed with police and prison officers in not having the legal right to strike.

Present pay for a senior controller, including bonuses, is around FFr 8,000 (£950) a month, which is less than a quarter of the earnings of senior pilots with French airlines. The controllers take charge of aircraft flying higher than 3,500 metres.

In the UK, airlines are unlikely to be able to clear the *backlog of delays of up to 48* hours before the go-slow resumes on Friday.

Many airlines and airport managers openly wish that it were a strike rather than a work to rule, because they could then advise passengers either not to travel or make alternative arrangements.

As it is; all they can do is advise passengers to turn up and wait, or set schedules back 24 hours and ask passengers to telephone for advice before leaving home for the airport.

British Airtours, the charter subsidiary of British Airways, yesterday set all its departures back by 24 hours, while Thomson Holidays asked all clients travelling today to call 01-388 1241 before leaving home

The problem was worst again yesterday for holiday flights to Spanish resorts because they pass through French airspace.

At Heathrow, there were severe problems but less acute than at the "holiday airports." Delays to Paris were said to be up to two hours, to Portugal four hours and up to three hours to Italy and Switzerland. The *French controllers were reported* to be taking only 16 flights an hour through their airspace en route to Central and Eastern Europe.

Some flights are using the so-called "Spanish Track" over the Bay of Biscay, but this involves flying for about 200 miles out of direct contact with UK and Spanish air control and is disliked by pilots.

The Civil Aviation Authority emphasised that *this route had* been devised solely to help ease the problem, and no airline was obliged to fly it.

So far as the cheap-fare Stand-By and Laker Skytrain flights are concerned, the problem has stemmed from unexpected pressures of demand, and has nothing to do with the French air controllers' dispute, except where flights destined for New York have been delayed while passing through Europe.

The point is made that some of the difficulties of passengers waiting for these cheap flights stem from their own lack of understanding of the risks involved in travelling Stand-By at all—for example, in not recognis*ing that there is no guarantee of* a seat at all at any time.

● The British Airports Authority yesterday applied to the High Court for an injunction restraining the scheduled airlines from offering cheap Stand-By tickets for sale inside Terminal Three at Heathrow, and obliging them to sell those tickets only from their town offices.

● In Rome, union officials went ahead with plans for a 24-hour strike by airport ground staff and some pilots for Thursday, in a protest bound to inconvenience many passengers and force some flight cancellations.

● Thomas Cook, the travel organisation, yesterday set up a £50,000 contingency fund to help clients stranded at British airports because of the industrial action by French air traffic controllers.

Treasury research boost follows Ball report

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY proposes to expand its research effort and develop its outside links in response to criticims about a lack of openness made earlier this year by an officially commissioned report.

The suggestions, however, only go some way towards meeting the recommendations of the 117-page report produced in April by a committee chaired by Professor Jim Ball, the principal of the London Business School.

In particular, the Treasury has rejected a proposal for the creation of a central research unit. Instead, it argues that the present dispersal of research effort works well, and that separating this from day-to-day operations of forecasting and analysis would involve a substantial cost.

The Treasury's reply was disclosed in a Parliamentary written answer yesterday. This said its research effort in the area of macro-economic modelling, forecasting and policy analysis would be increased, while existing arrangements for liaison with academic and other research workers would be developed.

The main changes proposed are the appointment of three new professional economists whose main responsibility will be for research including the evaluation and application of research done elsewhere; the increased use of part-time academic consultants; and the appointment of an independent chairman to the existing advisory academic panel.

The academic panel first met just over two years ago to bring together users of the Treasury model for forecasting the economy with leading academic workers in similar fields.

In addition to these functions, the panel will now become responsible for advising on the strategy and priorities of the Treasury's macro-economic research programme. It is expected that this will involve a written annual report to the Chief Economic Adviser to the Treasury.

The report criticised the Treasury for a lack of openness in the public presentation both of its thinking about alternative economic policies and of its research work.

These points received a distinctly cool reception from senior Treasury economists who felt that they were already much more open than before in view, for example, of the publication of internal working papers.

An irony about both the report and the Treasury's response is that the reason for the committee's formation, an inquiry into optional control techniques, has been downgraded to a relatively minor issue.

The committee's brief had been to consider how far these techniques could be applied to policy-making. The optimal control approach involves an attempt to reconcile certain specified goals using techniques derived from engineering.

Professor Ball's committee was sceptical about the direct benefits of this approach to decision making and suggested there might be uses at a more technical level.

The Treasury has not sought to take the issue any further.

$ falls to new low against the yen

BY MICHAEL BLANDEN

THE DOLLAR fell to new low levels against the Japanese yen and the Swiss franc in exchange markets yesterday.

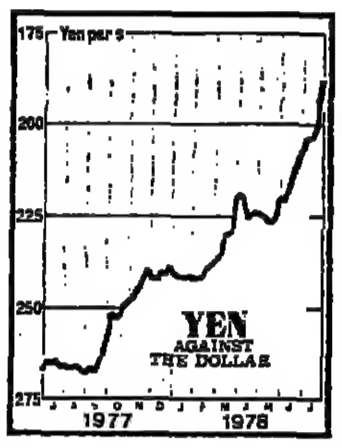
In thin and nervous end-of month trading dealers reported that there were no new factors affecting the market, but the dollar remained under the pressure which had been evident since the Bremen and Bonn summit meetings earlier in July.

Further fall

The dollar dropped to a record low of Y188.45 in London dealing before closing at Y188.80 compared with Y190.3 on Friday. The further decline followed earlier trading in Tokyo, where the dollar had closed at Y190.80.

The Japanese central bank, which intervened heavily in the markets towards the end of last week, was reported to have offered no further support yesterday for the U.S. currency.

Against the Swiss franc, the dollar fell at one point to SwFr 1.73 before picking up slightly to end at SwFr 1.7345, compared with SwFr 1.7525 on Friday.



The pound met a little late selling from New York but gained slightly against the dollar, ending 65 points higher at $1.9315. Its weighted index was unchanged at 62.5 after touching 62.7 early in the day.

The price of gold slipped back after reaching record levels on Friday. At one stage it fell below $199 an ounce, ending in London at $200¾ for a fall of $1 compared with Friday's level.

Yen deposit rules, Page 3

Britain writing off £60m a year from Third World debts

BY DAVID HOUSEGO

THE GOVERNMENT is writing off repayments of up to £60m a year on outstanding debts of about £900m due from 17 of the poorest developing countries. It is *the largest debt cancellation* programme yet undertaken by a western donor nation.

The measure was presented in the House of Commons yesterday as an extension of Britain's aid *programme* by converting past official loans into grants for those countries who now receive British aid in grant form. The Government continues to oppose generalised debt relief for developing nations.

Mrs. Judith Hart, Minister for Overseas Development, said the measure would involve no addition to the British aid budget, which is rising in real terms at 6 per cent a year.

The measure covers countries with an income per head at 1976 prices of under $280 a year, but excludes Uganda, Kampuchea (Cambodia) and South Yemen because of serious violations of human *rights*.

Final decisions have not been taken on Ethiopia and Vietnam. Those excluded would account for a further £27m of outstanding debt, of which £18m is owed *by Uganda*.

The main beneficiaries of the measure will be India with £600m of outstanding debt at the end of 1976: Pakistan (£111m): Malawi (£32m): Sri Lanka (£26m) and Egypt (£19m).

As a result of the measure, the proportion of British aid not tied to the purchase of British goods will rise. Officials said yesterday that the potential loss of jobs for British workers through temporary loss of export orders could be between nil and 2,400, depending on the assumptions made.

Far higher estimates have been circulating in Whitehall, however. These caused the Cabinet to hesitate on a decision that has been in the air since February until Ministers were assured that the employment effect would be minimal.

Mr. Richard Luce, the Conservative spokesman on overseas development, said yesterday that while there was a strong case for helping the poorest nations *with the least prospect of paying*, the income per head classification was a "very crude measurement." He advocated a case-by-case approach.

"Because of the large amount of debt due from India that will be written off, the Government is having discussions with New Delhi to ensure that the extra funds generated will be used to finance the local costs of aid projects.

In March industrialised nations agreed in principle to convert past loans into grants for the poorest nations. But the measure is likely to be received coolly by most developing nations as they *see it as making a marginal con*tribution to their debt problem. By the end of 1977 the total debts of developing nations is thought to have been about $340bn.

Parliament Page 8

South Africa to receive UN representative

BY JOHN STEWART — CAPE TOWN, July 31.

THE South African Government tonight indicated qualified acceptance of UN Security Council *plans to transfer power* to an independent Namibia in terms of settlement proposals formulated by the five Western security council nations.

As a first step, it agreed to receive Mr. Martti Ahtisaari, UN special representative, in the Namibian capital, Windhoek, within the next few days, and to await his report on how he plans to implement the proposals adopted by the Security Council.

However, a final decision to support implementation of the resolution would be withheld until it was satisfied that Mr. Ahtisaari's recommendations accorded with proposals accepted *by south Africa in April*.

The Pretoria Government said that, while it could not agree with the Western powers' justification for introducing the Walvis Bay issue, it had noted certain clarifications "that they do not regard this subject as part of their settlement proposals and that the resolution does not address itself to the legal status of Walvis Bay, nor does it in any way prejudice South Africa's legal position."

Clarification

South Africa repeated that it would not be prepared to negotiate with anybody on the basis of the Walvis Bay resolution and that no decision by the UN or any other body could deprive South Africa of the port.

South Africa understands from the Western clarification, that the issue of Walvis Bay will be dealt with at some time unconnected with any timetable. "*The future of Walvis Bay can* be determined only in future discussion between the South African Government and the future government of South West Africa," the Pretoria statement said.

THE LEX COLUMN

Coral's gamble for future profits

Coral Leisure is capitalised at £83m. It has spent around £70m on diversifying into the hotel and holiday camp business over the past 18 months and had a £6m rights issue to boot. So marginally lower interim pre-tax profits of £7.5m looked decidedly uninspiring yesterday and the shares dipped 1p to 99p.

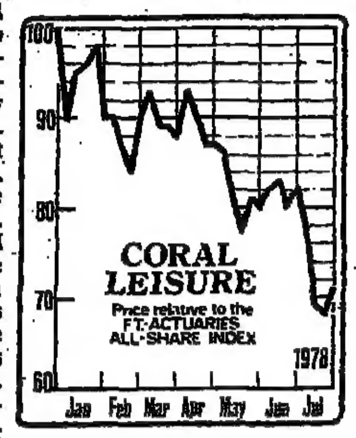
Coral is at pains to point out that its two main acquisitions, Centre Hotels and Pontins, have a very seasonal profit pattern. Centre Hotels earns around four-fifths of its profits in the *second half and Pontins made a* £¼m loss after financing charges in the first six months. In the second *half* both operations should do substantially better. Centre could produce £5m pre-interest charges and Pontins between £8m-£9m. Knock off £4m of interest costs, say, and these two could chip in an extra £10m pre-tax this year.

It is still too early to pass judgment on the success of these acquisitions. Coral has diversified its profit base but, in the case of Pontins in particular, it paid a hefty price and it will be some time before it is possible to see just how much more profit it can squeeze out.

That leaves two main worries. Leaving aside the acquisitions, it appears that Coral's existing businesses did no better than mark time in the first half. Casinos were the weak spot, having produced over 50 per cent of last year's trading profits. Coral now faces the threat of markedly higher taxes in the wake of the Royal Commission. In common with Ladbroke last week it feels that a doubling of casino duty (knocking £1m off its profits) would be fair. But such sentiments seem unduly optimistic and the profits *are likely to be hit far harder* in the long term.

However, Coral's share price has notably underperformed the market lately and at 99p it is selling on a fully taxed multiple of just over 6 (assuming profits of £28m) and a yield of 9 per cent. Strip out the casino profits and the multiple rises to 10—and the dividend is still nearly twice covered.

Index fell 2.7 to 489.4



Rothschild Inv.

Rothschild Investment Trust appeared to be the loser in its battles with Harrisons and Crosfield over the past two years or so. It unsuccessfully opposed the merger of the "three sisters" which created Harrisons Malaysian Estates; it failed again *when resisting H and C's take*over of Harcros Investment Trust and was defeated yet one more time in its consortium bid for London Sumatra. But there is no need to feel sorry for RIT. The latest accounts out today indicate that all these "failures" made for a £4m to £5m profit between March 31, 1977, and July 11 this year.

In all these cases, RIT *had* built up shareholdings before the action started. The trick has been either to provoke defensive bids or, as with London Sumatra, to make a bid itself and thereby draw attention to undervalued assets.

Airlines

Comforting news for passengers trapped in airports around the country: the airlines, at least, are having a very good time. In aggregate, the U.S. carriers have so far *reported earnings gains of 130* per cent in the second quarter. And in the past few months, such diverse companies as KLM, Alitalia and Japan Air Lines have all returned to the dividend list after absences of several years.

According to Capital International of Geneva, the international airline group was outperformed *only by the gold mine* sector in the league table of world share prices during July.

In profits terms this is the third year of recovery from the low point of 1975 when, taken as a whole, the world's scheduled airlines lost money. Last year, airlines in the International Air Transport Association earned a record $1bn or so. Higher disposable income in the U.S., together with the substantial new traffic generated by price reductions, *have combined to* transform the finances of what in both financial and operational terms is a very highly geared business. IATA is looking for a 10 per cent rise in total passenger traffic this year. For the U.S. majors, Wall Street is now expecting volume gains of 12 to 14 per cent and a rise of between 33 and 40 per cent or *more in earnings this year*.

This could mark the peak for the time being. Some analysts fear a slowdown in the U.S. economy next year which on past form would slice a great chunk out of the sector's earnings. However there seems to be a growing feeling that although the airlines will remain cyclical, the peaks and troughs will be *higher* than they have been recently. The argument is that capital constraints will limit capacity over the next decade — replacement spending by the U.S. majors is put at well over $20bn by 1985 — and that management is anyway much more financially sound after the shocks of the past few years.

The bulls *need* to be right. Stocks like TWA have more than doubled this year, and the Capital International airlines index is back to its high point of the early 1970's.

State companies

The contentious accounting policies of the nationalised industries *appear* to be *stirring* a few hearts in Whitehall. It seems that discussions are already going on among senior officials, including representa*tives from the Treasury* and the Government Accountancy Service. The aim of the talks is to achieve consistent financial reporting rules for the major state company accounts next year.

A conference of nationalised industry finance directors and Whitehall officials is on the cards at some stage though it *is unlikely to be called before* an October election. Meanwhile, the big accounting firms may care to note that one of the issues already identified for attention is the attitude of auditors when a state company radically alters its accounting policies.

Weather

UK TODAY

RAIN, heavy at times, in many areas; drier in N.

London, Cent. S., S.W., S.E. E., Cent. N. England, Midlands S. Wales, Channel Isles

Periods of rain, heavy at times; hill and coastal fog. Max. 17C-19C (63F-66F).

N. Wales N.W. England

Perhaps outbreaks of thundery rain. Max. 19C (66F).

Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland

Mainly dry. Max. 18C-20C (64C-68F).

N.E. England, Borders, Edinburgh, Dundee

Outbreaks of rain or drizzle. Max. 14C-17C (57F-63F).

Aberdeen, Cent. Highlands, N.E. Scotland, Moray Firth, Orkney, Shetland

Rain or drizzle at times. Max. 13C-16C (55F-61F).

N.W. Scotland

Mainly dry. Max. 16C-17C (61F-63F).

Outlook: Some rain, particularly in S.

August outlook: Changeable, mostly rather cool. Rain above average.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsterdm.	S	25	82	Luxembrg.	R	19	66
Athens	F	29	84	Madrid	F	23	73
Bahrain	S	37	99	Manchstr.	C	16	61
Barcelona	C	26	79	Milan	C	23	73
Beirut	S	28	82	Montreal	S	19	67
Belfast	C	14	57	Moscow	S	21	70
Belgrade	S	28	82	Munich	S	26	79
Berlin	S	30	86	Newcastle	C	14	57
Birmghm.	C	15	59	New Delhi	C	29	84
Bristol	R	15	59	New York	C	15	65
Brussels	C	22	72	Oslo	S	27	81
Budapest	F	24	81	Paris	R	19	66
B. Aires	C	11	52	Perth	F	15	59
Cairo	S	35	96	Prague	S	27	81
Cardiff	R	15	59	Reykjavik	C	13	55
Chicago	S	21	70	Rio de J'o	S	29	84
Cologne	F	30	86	Rome	S	28	82
Copnhagn.	S	27	81	Singapore	S	30	87
Dublin	C	18	64	Stockholm	F	18	64
Edinbrgh.	C	18	64	Strasbrg.	C	25	77
Frankfurt	S	29	84	Sydney	F	17	63
Geneva	C	20	68	Tehran	S	29	84
Glasgow	F	21	70	Tokyo	C	31	89
Helsinki	S	24	75	Toronto	S	20	68
H. Kong	S	28	82	Vienna	S	29	84
Jo'burg	S	21	71	Warsaw	F	27	81
Lisbon	S	22	72	Zurich	C	25	77
London	R	17	63				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	29	84	Jersey	R	14	57
Algiers	S	30	86	Las Plms.	F	23	73
Biarritz	C	16	61	Locarno	R	19	66
Blackpool	C	17	63	Majorca	S	28	82
Bordeaux	C	18	64	Malaga	S	30	86
Boulogne	C	20	68	Malta	S	30	86
Casablnca.	F	22	72	Nairobi	R	20	68
Cape Town	C	16	61	Naples	S	28	82
Dubrovnik	S	27	81	Nice	F	26	79
Faro	S	26	79	Nicosia	S	28	82
Florence	S	30	86	Oporto	F	19	66
Funchal	F	24	75	Rhodes	S	26	79
Gibraltar	S	25	77	Salzburg	S	28	82
Guernsey	R	15	59	Tangier	S	22	72
Innsbruck	F	24	75	Tenerife	F	19	66
Inverness	C	17	63	Tunis	S	32	90
I. of Man	F	16	61	Venice	C	25	77
Istanbul	C	23	73				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Continental sells Smurfit stake

BY MARGARET REID

CONTINENTAL GROUP, the U.S. can-making and packaging company, has disposed of a 21.3 per cent holding in the Dublin-*based packaging concern* Jefferson Smurfit.

The £18.4m deal is one of the largest recent sales of a block of shares.

The shares were placed with 45 British and Irish investing institutions at 181½p a share, which compares with Friday's closing price of 206p.

Last night, Smurfit shares finished only 3p down on the day at 203p. The stockbroking firms Fielding Newson-Smith and Rowe and Pitman Hurst-Brown in London, and Dudgeon in Dublin, handled the placing.

Continental Group has had a commercial and shareholding relationship since 1962 with Smurfit, which has expanded rapidly in recent years from being essentially an Irish domestic company and has moved into other countries, including the U.S.

The holding now sold was mostly built up between 1963 and 1972.

The two companies said yesterday that "the thrust of Smurfit's activities and its plans for overseas expansion have posed the probability of future conflicts of interest in competi*tive markets with Continental*, which is also expanding its international packaging business."

Because of this, Continental has decided that *investment* opportunities in its own business make this a favourable time to dispose of its holding in Smurfit.

However, both groups expect that their existing commercial relationships will continue. Smurfit has been consulted fully about the sale and "understands the motivation of Continental."

About nine-tenths of the shares just disposed of have gone to British institutional *investors* and the rest to Irish institutions. The National Coal Board Pension Fund bought just over 5 per cent of the Smurfit ordinary capital, for more than £4½m.

Smurfit said yesterday that it was too early to forecast results for the year to January 31, 1979, but that it was planned to raise the gross dividend to 12.5p a share, from 11p.

New hope for Belfast car plant project

FINANCIAL TIMES REPORTER

NORTHERN IRELAND may after all hav won a multi-million pound project to build a car assembly plant outside Belfast.

The plant, worth up to £80m and providing over 2,000 jobs, would be built by a U.S. company headed by Mr. John De Lorean a former senior executive of General Motors.

But at the week-end it was reported that Mr. De Lorean had received £20m in U.S. Governmnt credit support to build the plant in Puerto Rica.

Last night the Puerto Rican Government conceded defeat.

According to the Puerto Rican's Mr. De Lorean's company has signed a covenant with the Northern Ireland authorities undertaking to build the plant in the Province.

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